

Interreg



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Italy – Croatia

INTERREG ITALY-CROATIA PROGRAMME 2021 – 2027

Programme Implementation Manual

1st Call for Proposals

(Version 1.0 – 17th November 2022)

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INTRODUCTION

The Interreg VI A Italy – Croatia Programme provides funding for cross-border cooperation in order to support regional development and economic, social and territorial cohesion.

This Programme Implementation Manual (PIM) is written for project applicants and partners. It sets out the key information needed both when applying for funding and while implementing the projects. This document is divided into sections and annexes, all of them complementary and organised according to the "project life cycle".

In the table of contents, reader can see all the parts of the complete Programme Implementation Manual.

The elements established in the Programme Manual are binding and constitute the rules of the Programme. These elements are based on the applicable European regulations and approved by the Monitoring Committee.

DISCLAIMER

Please be aware that contents of the Programme Implementation Manual (PIM) document may be updated before projects start following decision by Monitoring Committee (MC). The elements highlighted in colour ("coming soon") in the PIM sections are under development and are likely to be amended according to the progress of the work on Jems (e.g. Sections 6. MONITORING AND REPORTING; 7. PROJECT MODIFICATIONS AND FLEXIBILITY RULES; 8. PROJECT CLOSURE; 9. CONTROLS AND AUDITS).



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1. PROGRAMME BASIC FEATURES

1.1. Programme overview

The Interreg Italy- Croatia Programme is funded by the European Regional Development Fund (ERDF) under the European Territorial Cooperation goal of EU Cohesion Policy 2021-2027.

The Programme area's greatest potential and core driver of development is represented by the Adriatic Sea: indeed, the strengths deriving from the maritime dimension are numerous, from the strategic position and good performance of ports in the area, to the impressive richness of biodiversity and the strong attractiveness of the region for coastal tourism flows. Thus, it is essential to exploit these opportunities by focusing the cooperation efforts on blue economy domains, in consistency with the EU **Blue Economy strategy**.

The Programme's vision of ***"Focusing on innovation and sustainability in the blue economy, capitalising previous cooperation experiences, creating synergies with EUSAIR"*** will be attained through the Programme's five Priorities and 7 Specific Objectives.¹

Moreover, the Programme has identified two cross-cutting issues: **digitalisation** and **circular economy**, to sustain the green and digital transition of Europe in 2021-2027:

- **Digitalisation** as a crosscutting issue could create added value in relation to most of the challenges identified for SOs, such as:
 - intensifying the smart specialisation governance processes and the innovation capacities of SMEs;
 - increasing the human resources qualifications focusing on skills oriented to the new market's needs;

¹ The Interreg Programme Italy – Croatia 2021-2027 is available at: <https://www.italy-croatia.eu/web/it-hr-interreg-2021-2027>



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- improving the knowledge base for policies concerning climate change, biodiversity, fight against pollution and the related application tools;
 - increasing the intermodality capacities of ports and the overall integration of transport networks;
 - contributing to the integration of touristic strategies and to the offer diversification;
 - modernising valorisation policies for cultural heritage.
- **Circular economy** as a horizontal issue can create added value in relation to challenges identified for SOs, such as:
 - research and technological transfer processes;
 - SMEs innovation capacities in competitive domains;
 - climate change adaptation strategies;
 - sustainability of ports and transport solutions.

Table 1. Programme priorities and specific objectives

Priority	SO	Specific objective(s)	
1	Sustainable growth in the blue economy	1.1	Developing and enhancing research and innovation capacities and the uptake of advanced technologies
		1.2	Developing skills for smart specialisation, industrial transition and entrepreneurship
2	Green and resilient shared environment	2.1	Promoting climate change adaptation and disaster risk prevention, resilience taking into account eco-system based approaches
		2.2	Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution
3	Sustainable maritime and multimodal transport	3.1	Developing and enhancing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility
4	Culture and tourism for sustainable development	4.1	Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation
5	Integrated governance for stronger cooperation	5.1	Other actions to support better cooperation governance



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1.2. Programme area

The Programme territory spreads around the Adriatic Sea, which constitutes a joint economic and environmental resource and a natural link able to foster cooperation. The **maritime cross-border area** between Italy and Croatia, representing the Interreg Italy - Croatia Programme area, covers the following NUTS III regions:

Table 2. Programme area (IT provinces and HR counties)

Italy	Teramo, Pescara, Chieti (Abruzzo Region), Brindisi, Lecce, Foggia, Bari, BarlettaAndria-Trani (Apulia Region), Ferrara, Ravenna, Forlì-Cesena, Rimini (Emilia-Romagna Region), Pordenone, Udine, Gorizia, Trieste (Friuli Venezia Giulia Region), Pesaro e Urbino, Ancona, Macerata, Ascoli Piceno, Fermo (Marche Region), Campobasso (Molise Region), Venezia, Padova, Rovigo (Veneto Region)
Croatia	Primorsko-goranska, Ličko-senjska, Zadarska, Šibensko-kninska, Splitsko-dalmatinska, Istarska, Dubrovačko - neretvanska (Adriatic Croatia region), Karlovačka (Pannonian Croatia region).



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Image 1. Programme area



All projects must demonstrate clearly that they have an impact on the Programme area

1.3. Programme budget and co-financing

The Programme overall budget is 216.232.834,00 EUR (ERDF and national co-financing). Total ERDF budget is 172.986.266,00 EUR and EU co-financing rate is 80%. ERDF financial appropriations per priority are presented in table below.

Table 3. Programme budget per priority

PRIORITY		ERDF AMOUNT (EUR)
1	Sustainable growth in the blue economy	25.283.781,00
2	Green and resilient shared environment	67.263.871,00
3	Sustainable maritime and multimodal transport	35.910.442,00
4	Culture and tourism for sustainable development	33.284.064,00
5	Integrated governance for stronger cooperation	11.244.108,00
TOTAL		172.986.266,00

The indicative allocations of funds to Calls for Proposals are defined in the respective *Call Announcement* and available at the Programme website. The ERDF co-financing rate is 80% for all types of projects,



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beneficiaries and regions. Beneficiaries have to ensure the needed co-financing of their activities. For Italian project partners co-financing is covered by FdR (“Fondo Di Rotazione”).²

1.4. Programme management structures

The Programme structures consist of different bodies that, in compliance with the EU Structural Funds Regulations, are in charge of managing, coordinating, supervising and controlling the implementation of the Programme.

Table 4. Programme management

PROGRAMME BODY	ROLE
Monitoring Committee (MC)	The MC steers the Programme, verifies its sound implementation and it approves the projects for funding. It is composed of representatives of Italy and Croatia.
Managing Authority (MA)	The MA is responsible for the management and implementation of the Programme in accordance with the principle of sound financial management and in line with the applicable EU regulations. The MA also carries out the accounting function. The MA submits applications for payment to the European Commission and pays out ERDF co-financing to Lead partners (LP).
Audit Authority (AA) and Group of Auditors (GoA)	The AA carries out system audits and audits on the projects in order to provide independent assurance to the EC that the Programme management and control system functions effectively and that expenditure submitted to the EC is legal and regular. The AA is assisted by the GoA, comprising of representatives of bodies responsible for audits in each Programme Member State – Italy and Croatia.
Joint Secretariat (JS)	The JS is established by the MA and it assists the MA and the MC in carrying out their respective functions. The JS also undertakes the day-to-day implementation of the Programme and provides guidance and support to project applicants and beneficiaries.
National Authority (NA)	In cooperation with the JS, NAs provide information to potential applicants, advise and assist beneficiaries, communicate Programme achievements and support Programme management. NAs may also organise National Committees.

² Ex Law n. 183/1987 and CIPES Decree n. 78/2021.



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National Controllers	<p>Each Member State has a control system to verify that co-financed activities and costs are implemented in line with applicable laws as well as Programme rules and requirements.</p> <p><u>Italy:</u> Decentralised control system – individual professionals are appointed as controllers. Italian public administration can appoint controllers internally.</p> <p><u>Croatia:</u> Centralised control system - controls are performed by Ministry of Regional Development and EU Funds</p>
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Contact details and further information on all Programme bodies are available at the Programme website.

1.5. Use of Jems

The Interreg IT-HR Programme 2021-2027 for implementation and monitoring purposes will use the Joint Electronic Monitoring System (Jems). Jems is a customized version of the common monitoring system developed by the Interact Programme³, which is used by a large community of Interreg Programmes.

Jems is an online system conceived to cover the full project and Programme life-cycle in one monitoring tool that allows to reduce the need for additional paper processes to a minimum. Furthermore, the concept of “one single entry point” of data is followed, avoiding multiple manual entry of the same data, through automatic transfer of data to different sections in the system. Users can fill in online forms (e.g. application, reporting, modification...) and upload/download files.

The link to the Interreg IT-HR Jems is available at the Programme website. It can be accessed via standard web browsers like Google Chrome, Microsoft Edge or Mozilla Firefox (recent versions). For working in Jems, it is recommended to use a PC or notebook rather than mobile devices.

Upon registration in Jems, users have access to the system as applicant users. Once a project is approved and contracted, the lead partner (LP) user will be assigned to the project, and it in turn assigns the partner users to the project partners (PP). Specific access rights as needed by e.g. Programme bodies, controllers, external experts or auditors will be given by the system administrator through assignment of the respective role.

³ For more information on the Interact Jems please visit the page <https://jems.interact-eu.net>



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A helpdesk for technical support specifically dedicated to functioning of Jems can be reached via email jems.italy-croatia@regione.veneto.it

For further guidance on the different sections and features **Jems technical manual** will be made available at Programme website.

1.6. Types of projects – Standard, Small-scale projects, OSI

Types of projects supported by the Programme are:

- A. Standard projects
- B. Small-scale projects
- C. OSI - Operations of Strategic Importance

Each Call for Proposals will clearly indicate the type of projects that are supported. Calls may include all types of projects or may be limited to one or two types.

The timetable of the Calls for Proposals is available on Programme website and regularly updated: <https://www.italy-croatia.eu/web/it-hr-interreg-2021-2027/home>

Standard projects

Complex cooperation projects typically originating from the acknowledgement of a need or a potential and consequently testing a potential cross-border solution. They implement actions such as the realisation of new solutions, the testing of new services, the development of strategies, joint action plans and pilots, the sharing of expertise, the organisation of joint training actions, and the setting-up of new governance structures. They should be developed based on an innovative project concept, although the capitalisation of previous projects and results is also strongly encouraged.

Small-scale projects

New forms of cooperation in the Programme area, resulting from the will of reaching new target groups and allowing newcomers to contribute to the improvement of the social, economic and territorial cohesion of the cross-border region. Compared to Standard projects, they are shorter, supporting smaller



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partnerships with limited-scope interventions, mainly implemented by smaller organisations, addressing specific thematic issues and very concrete needs in the area. These projects shall aim at improving legal and administrative cross-border collaboration, strengthen the communication channels, and increase the capacities of institutions and stakeholders (including public authorities), for example through the implementation of awareness-raising campaigns, implementation of training and educational activities, school exchanges, youth involvement, competition of ideas, other specific actions aiming at improving and facilitating the cooperation of the organisations on the other side of the maritime border.

OSI - Operations of Strategic Importance

This new kind of projects can help the achievement of Programme objectives by targeted calls for proposals devoted to specific domains and, consequently, categories of beneficiaries or strategic challenges and potentials investigated by EUSAIR flagship initiatives.

These projects provide significant contribution to the achievements of the objectives of the Programme and are subject to particular monitoring and communication measures.

1.7. Programme intervention logic and cooperation criteria

As anticipated, the Programme strategy is defined in **5 Priorities** and **7 specific objectives**:



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Image 2: Programme priorities and specific objectives



The Programme intervention logic also defines **output and result indicators** which measure the products of funded actions and the expected changes (outcomes) for beneficiaries, respectively.

⚠️ POINT OF ATTENTION

Programme intervention logic is available on the Programme website. We strongly encourage project partners to consult that document when develop the project, but also when they produce and document the outputs and results.

Link between the PROGRAMME and PROJECT intervention logic

The project intervention logic must reflect the Programme intervention logic and it shall:

- comply with one of the 5 Priorities selected by the Programme;
- pursue one of the Specific Objectives (SOs);
- follow a result-oriented approach;



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- be built on current territorial challenges;
- clearly define the objectives, planned activities, outputs, results and related indicators;
- lead to an envisaged change.

⚠ POINT OF ATTENTION

The coherence of the project intervention logic with the targeted specific objective of the Programme is a precondition for a project to be approved and funded.

Cooperation

Cooperation is the heart of each project. In order to be eligible for funding from Interreg IT-HR Programme, projects must contribute to the first 2 of the following four cooperation criteria as well as to the third one and/or the fourth one:⁴

1. **Joint development** – i.e. partners have to be involved in an integrated way in developing ideas, priorities and actions in the project development process.
2. **Joint implementation** – i.e. project activities must be carried out by partners in a cooperative way that ensures clear content-based links and be coordinated by the lead partner.
3. **Joint financing** – i.e. the joint project budget shall be organised in line with activities carried out by each project partner. The LP is responsible for the administration and reporting towards the Programme bodies as well as the distribution of the funds to the partners.
4. **Joint staffing** – i.e. the project should not duplicate functions within the partnership. In particular, project management functions should be appointed only once at project level.

Capitalisation

Capitalisation can be defined as a building process aimed at consolidating the capital built by Interreg projects and Programmes, with the objectives of:

- improving the transfer of knowledge;
- obtaining additional outputs, building on existing knowledge and experience;

⁴ According to the art. 23(4) of Regulation (EU) No 1059/2021



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- promoting the re-use and/or transfer of knowledge and outputs to boost performance and delivery;
- raising awareness and improving the communication of outputs in specific fields of regional policy.

Thus, the final goal of capitalisation is to make sure that **outputs are not only transferred, but also re-used by other specific actors**, in order to lead to a gradual improvement in policies.

1.8. Synergies and complementarities with EU policies

In general, the activities of the project should bring additional value or be supplementary to those already implemented or planned within other EU instruments and initiatives or national schemes. It also means that each partnership should carefully consider what is the best funding instrument for their idea. In several cases the Italy Croatia Programme will not be the most suitable option, but would be better instead a national, regional or another international funding source.

In order to improve the efficiency of their projects, Beneficiaries should seek complementarities and synergies with other Interreg Programmes in the area (both cross-border and transnational e.g. IPA Adriatic-Ionian 2021-2027), regional and national Programmes (co-financed by ERDF, ESF+, EMFAF and CF), the respective Recovery and Resilience National Plans (NRRP), as well as with macro-regional strategies relevant for the area (particularly EUSAIR).

Any synergies with other funding Programmes and instruments are also encouraged, including Connecting Europe Facility, LIFE, EU Civil Protection Mechanism, ERASMUS+ and HORIZON EUROPE. With reference to the latter, the key strategic orientations and expected impacts identified in the Horizon Europe Strategic Plan, especially concerning the mission "Restore our Ocean and Waters" should be taken into account as a constant reference, with the common aim of protecting and restoring ecosystems and biodiversity, achieve zero pollution and reduce greenhouse gas emissions within the EU's oceans and waters.



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Apart from the general recommendations mentioned above, the following table shows synergies and complementarities encouraged specifically per each of the Specific objectives:

Table 5: Synergies with other Programmes, initiatives, policies

Specific objective	Synergy with EUSAIR FLAGSHIP	Other synergies (including complementarities and synergies with national and regional 2021-2027 Programmes and other Interreg Programmes operating in the same area)
<p>1.1 Developing and enhancing research and innovation capacities and the uptake of advanced technologies</p>	<p>PILLAR 1 - BLUE GROWTH - Fostering quadruple helix ties in the fields of marine technologies and blue bio-technologies for advancing innovation, business development and business adaptation in blue bio-economy.</p>	<ul style="list-style-type: none"> - Horizon Europe - Synergies with measures envisaged in respective National Recovery and Resilience Plans aimed at strengthening research capacities and promoting technology transfer processes in the field of Blue Economy - contribution to the European Research Area (ERA) and the relative strategic objectives outlined in the Communication “A new ERA for Research and Innovation” - European Maritime, Fisheries and Aquaculture Fund - Interreg Programme IPA Adriatic-Ionian - Interreg Programme “EURO-MED” - Interreg Programme Alpine space - Interreg Programme “Central Europe” - Interreg Programme “Greece-Italy” - Interreg Programme “Croatia – Bosnia and Herzegovina–Montenegro” - ERDF/CF OP Competitiveness and Cohesion (Croatia) - ERDF/CF/Just Transition Fund Integrated Territorial Programme (Croatia) - RP Friuli-Venezia Giulia ERDF (Italy) - RP Veneto ERDF (Italy) - RP Emilia-Romagna ERDF (Italy) - RP Marche ERDF (Italy) - RP Molise ERDF-ESF+ (Italy) - RP Puglia ERDF ESF+ (Italy) - RP Abruzzo ERDF (Italy)



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<p>1.2 Developing skills for smart specialisation, industrial transition and entrepreneurship</p>	<p>PILLAR 1 - BLUE GROWTH - Fostering quadruple helix ties in the fields of marine technologies and blue bio-technologies for advancing innovation, business development and business adaptation in blue bio-economy PILLAR 1 - BLUE GROWTH - Bolstering capacity building and efficient coordination of planning and local development activities for improving marine and maritime governance and blue growth services (with specific regard to actions concerning maritime professional skills).</p>	<ul style="list-style-type: none"> - Horizon Europe - ERASMUS+ -synergies with other measures envisaged in respective National Recovery and Resilience Plans aimed at increasing the collaboration practices of SMEs and supporting the reinforcement of skills, in particular in the field of the Blue Economy - European Maritime, Fisheries and Aquaculture Fund - Interreg Programme IPA Adriatic-Ionian - Interreg Programme “Italy-Slovenia” - ERDF/CF OP Competitiveness and Cohesion (Croatia) - ERDF/CF/Just Transition Fund Integrated Territorial Programme (Croatia) - RP Friuli-Venezia Giulia ERDF (Italy) - RP Veneto ERDF (Italy) - RP Emilia-Romagna ERDF (Italy) - RP Molise ERDF-ESF+ (Italy) - RP Puglia ERDF ESF+ (Italy) - RP Abruzzo ERDF (Italy)
<p>2.1 Promoting climate change adaptation and disaster risk prevention, resilience taking into account ecosystem based approaches</p>	<p>PILLAR 3 - ENVIRONMENTAL QUALITY - Development and implementation of Adriatic-Ionian Sub/regional Oil spill contingency plan (with specific regard to actions concerning oil spill risk) PILLAR 3 - ENVIRONMENTAL QUALITY - Protection and enhancement of natural terrestrial habitats and ecosystems PILLAR 3 - ENVIRONMENTAL QUALITY - Promotion of sustainable growth of the Adriatic-Ionian region by implementing ICZM and MSP as well as to contribute CRF on ICZM of Barcelona convention and</p>	<ul style="list-style-type: none"> - Horizon Europe - the Union Civil Protection Mechanism -other measures envisaged in respective National Recovery and Resilience Plans aimed at improving, in their specific context, the knowledge base for climate change monitoring and adaptation and/or the effectiveness of all the phases of the civil protection process - European Maritime, Fisheries and Aquaculture Fund - Interreg Programme IPA Adriatic-Ionian - Interreg Programme “EURO-MED” - Interreg Programme “Central Europe” - Interreg Programme Alpine space - Interreg Programme “Greece-Italy” - Interreg Programme “Croatia - Bosnia and Herzegovina–Montenegro” - Interreg Programme “IPA South Adriatic” - Interreg Programme “Italy-Slovenia” - Interreg Programme “Slovenia-Croatia” - ERDF/CF OP Competitiveness and Cohesion (Croatia) - RP Friuli-Venezia Giulia ERDF (Italy) - RP Veneto ERDF (Italy) - RP Emilia-Romagna ERDF (Italy) - RP Marche ERDF (Italy) - RP Molise ERDF-ESF+ (Italy)



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	the appropriate monitoring and management of marine protected area.	<ul style="list-style-type: none"> - RP Puglia ERDF ESF+ (Italy) - RP Abruzzo ERDF (Italy)
2.2 Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution	<p>PILLAR 3 - ENVIRONMENTAL QUALITY - Development and implementation of Adriatic-Ionian Sub/regional Oil spill contingency plan</p> <p>PILLAR 3 - ENVIRONMENTAL QUALITY - Protection and enhancement of natural terrestrial habitats and ecosystems</p> <p>PILLAR 3 - ENVIRONMENTAL QUALITY - Promotion of sustainable growth of the Adriatic-Ionian region by implementing ICZM and MSP as well as to contribute CRF on ICZM of Barcelona convention and the appropriate monitoring and management of marine protected area.</p>	<ul style="list-style-type: none"> - Horizon Europe - LIFE Programme - other measures envisaged in respective National Recovery and Resilience Plans aimed at improving the knowledge base and the monitoring systems for defining policies of protection of biodiversity and of fight to pollution, especially related to water. - European Maritime, Fisheries and Aquaculture Fund - Interreg Programme IPA Adriatic-Ionian - Interreg Programme "EURO-MED" - Interreg Programme Alpine space - Interreg Programme "Greece-Italy" - Interreg Programme "IPA South Adriatic" - Interreg Programme "Italy-Slovenia" - Interreg Programme "Slovenia-Croatia" - ERDF/CF OP Competitiveness and Cohesion (Croatia) - RP Friuli-Venezia Giulia ERDF (Italy) - RP Veneto ERDF (Italy) - RP Emilia-Romagna ERDF (Italy) - RP Marche ERDF (Italy) - RP Molise ERDF-ESF+ (Italy) - RP Puglia ERDF ESF+ (Italy) - RP Abruzzo ERDF (Italy)
3.1 Developing and enhancing sustainable, climate resilient, intelligent and intermodal national, regional and local mobility, including improved access to TEN-T and cross-border mobility	<p>PILLAR 2 - CONNECTING THE REGION - The Adriatic-Ionian Multi-Modal Corridors (with specific regard to green/smart port hubs concept)</p>	<ul style="list-style-type: none"> -Connecting Europe Facility (CEF) instrument -other measures envisaged in respective National Recovery and Resilience Plans aiming at improving ports' inter-modality capacities to make them greener, more ICT based and secure and more integrated with the hinterland's needs - European Maritime, Fisheries and Aquaculture Fund - Interreg Programme IPA Adriatic-Ionian - Interreg Programme "IPA South Adriatic" - ERDF/CF OP Competitiveness and Cohesion (Croatia) - RP Molise ERDF-ESF+ (Italy) - RP Puglia ERDF ESF+ (Italy)



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<p>4.1 Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation</p>	<p>PILLAR 4 - SUSTAINABLE TOURISM - AIR Cultural Routes PILLAR 4 - SUSTAINABLE TOURISM CulTourAir PILLAR 4 - SUSTAINABLE TOURISM - DES_AIR PILLAR 4 - SUSTAINABLE TOURISM - Green Mapping for the Adriatic-Ionian Region</p>	<p>- ERASMUS+ Programme - other measures envisaged in respective National Recovery and Resilience Plans aiming at improving and modernising the policies for the valorisation of cultural heritage, delocalising tourist flows and promoting new and innovative integrated offers of coastal tourism. - European Maritime, Fisheries and Aquaculture Fund - Interreg Programme “Greece-Italy” - Interreg Programme “Croatia –Bosnia and Herzegovina–Montenegro” - Interreg Programme “IPA South Adriatic” - Interreg Programme “Italy-Slovenia” - Interreg Programme “Slovenia-Croatia” - ERDF/CF OP Competitiveness and Cohesion (Croatia) - RP Friuli-Venezia Giulia ERDF (Italy) - RP Veneto ERDF (Italy) - RP Puglia ERDF ESF+ (Italy)</p>
<p>5.1 Other actions to support better cooperation governance</p>		<p>- ERASMUS+ aimed at improving the knowledge base about the legal and administrative CBC obstacles, enhancing institutional and strategic capacities of public authorities and stakeholders, and reinforcing the capacities in order to better improve the multi-level governance dimension. - European Maritime, Fisheries and Aquaculture Fund - Interreg Programme “EURO-MED” - Interreg Programme “Centrale Europe”</p>

1.9. Horizontal and cross-cutting principles

UN Sustainable Development Goals (SDGs)

The UN Sustainable Development Goals are one of the main overarching strategies upon which the Interreg VI-A Italy-Croatia 2021-2027 rests on. Considering the Programme’s priorities, the contribution to the following targeted SDGs will be monitored during its implementation:

- Goal 12: Ensure sustainable consumption and production patterns;
- Goal 13: Take urgent action to fight climate change and its impacts;
- Goal 14: Conserve and sustainably use the oceans, seas and marine resources.



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Horizontal Principles

These principles shall be integrated at the project level: during project planning and project implementation. The respect of horizontal principles is included in the assessment criteria. The Programme will comply with the following horizontal principles:⁵

- respecting fundamental rights and complying with the EU Charter of Fundamental Rights;
- ensuring the promotion of gender equality;
- preventing all kinds of discrimination and taking all appropriate steps to guarantee accessibility for people with disabilities;
- promoting sustainable development, in line with UN Development Goals, the Paris Agreement and the “do no significant harm” principle.

Approach to Public Procurement

Public procurement refers to the process by which public authorities, such as government departments or local authorities, purchase work, goods or services from companies. Beneficiaries will be encouraged to adopt a strategic use of PP to better reach the Programme objectives, including the use of more quality-related and innovative criteria and the consideration of environmental and social aspects.

New European Bauhaus Initiative

It aims to transpose the EU Green Deal into tangible and positive experiences built around the concepts of sustainability, aesthetics and inclusion. In order to contribute to this initiative, the Programme will foster synergies between PO2 and PO4 and complementarities with funds dedicated to the New European Bauhaus.⁶

Young Generations

The Programme will encourage the involvement of young people both in funded projects and in cross-border events. In this regard, youth has been envisaged as a specific target group in Priority 1, Priority 2, Priority 4 and ISO1.

⁵ Set in Article 9 of the CPR and in art.8, 10 and 11 of TFEU

⁶ For more information please consult: https://new-european-bauhaus.europa.eu/index_en



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1.10. Greening principles

The Italy-Croatia Programme strives to adopt eco-friendly practices for all its daily activities, especially concerning events and meetings.⁷ The information that follows is provided as reference and suggestions for projects willing to concretely put into practice the principles above.

Project publications and dissemination products

- Publications can be disseminated electronically. Printing of publications should be foreseen only if strictly necessary and only if following a specific dissemination plan;
- Publications should be printed for external communication purposes (if needed only) on both sides and on recycled paper. For electronic publications, an “eco-friendly” version (less colors, more compact text, less pages) should be made available for printing purposes;
- Publications should be printed where they are going to be distributed in order to minimize transportation distances.

Organization of green and inclusive events

Before the event

- Explore if a phone or a video conference could be organized instead of a meeting;
- Green public procurement procedures shall be applied whenever possible.

Setting up and running the event

- **Electronic means** (e.g. e-mail, website) should be used rather than printed materials for pre-meeting and follow-up communications;
- Participants are encouraged to use **sustainable ways of travelling**: for short trips favour train to coach/plane and if train is not an option, favour car/coach to plane; Participants are encouraged to share the drive with other participants.

⁷ In line with Article 9 of Regulation (EU) No 1060/2021.



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- Information on the greening efforts made at the event is provided electronically before and after the meeting whenever possible;
- Participants' **bags/packs** should be avoided or produced locally using recycled material, and are reusable;
- In case participant's packs cannot be avoided, only strictly necessary material should be included and **copying/printing** is available upon request at the location of the event;
- The start and end of the meeting are possibly adjusted to the schedules of public transportation means;
- The **caterer** is preferably informed on the exact number of participants and is able to re-evaluate the quantities needed to avoid waste;
- The use of decorative elements such as flowers, banners etc. is minimized;
- A dedicated area can be provided for participants to **return material** that can be re-used (such as badges);
- **Accessibility** for all participants is taken into consideration and the venue adapted for people with reduced mobility;
- A system that allows all guests to access the **catering service** could be put in place: long queues for food are avoided, enough chairs for people to sit down are available, people with disabilities or special needs are provided with the necessary facilities.

Food and drinks, catering

The organizers of the event take into account the following:

- Locally grown and produced food and drinks are used and menus reflect the seasonal products of the region;
- The use of organically produced food and drinks is preferred;
- The use of reusable dishes, cutlery, glassware and linens is preferred;
- If disposable items are essential, it is preferable that they have a high content of recycled or plant based;
- Material are recyclable and that appropriate recycling systems are in place;



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- At least one vegetarian option is offered;
- Tap water is used and served in jugs instead of in single-use bottles;
- The surplus of edible food should not be wasted but possibly donated.

Local transport

Clear instructions are provided to participants on appropriate public transport and/or walking arrangements from point of arrival or departure (railway station, airport) to the venue, accommodation, town center, etc. This is provided by e-mail shortly before the event and can be additionally displayed at the venue.

Venue and accommodation

Priority is given to locations available in the premises of one of the project participants in order to reduce the need for staff to travel. If possible, all waste produced at the venue is sorted for recycling and sufficient, well-marked bins are provided in both participants and staff areas. It is possible to regulate the temperature within the building. Use of natural light is preferred and the use of stage lights is kept to the strict necessary. The hotels are located near public transportation and as close as possible to the conference facilities (preferably within walking distance or reachable by public transport).



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2. LEGAL FRAMEWORK

The regulatory framework for the management of Interreg VI A Italy-Croatia Programme is based on the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and repealing Regulation (EU, Euratom) No 966/2012. Furthermore, all general rules concerning the structural and investment funds are also applicable unless differently specified. The following legal norms and documents apply (non-exhaustive list):

- Regulation (EU) 2021/1060 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (Common Provisions Regulation - CPR);
- Regulation (EU) 2021/1058 on the European Regional Development Fund and on the Cohesion Fund (ERDF Regulation);
- Regulation (EU) 2021/1059 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments (Interreg Regulation);
- Implementing acts and delegated acts adopted in accordance with the aforementioned regulations;
- Other regulations and directives applicable to the implementation of projects co-funded by the ERDF;

All above regulations are available in their latest version in the EUR-Lex database of European Union Law:

<https://eur-lex.europa.eu/homepage.html>.

In case of amendment of the above-mentioned legal norms and documents, the latest version applies.



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2.1. Public procurement rules

General principles

The acquisition of works, supplies or services from economic operators by means of a public contract is subject to rules on public procurement which secure transparent and fair conditions for competing on the common market. Rules differ depending on the kind of goods and/or services to be purchased, as well as depending on the value of the purchase and the legal status of the awarding institution. They are set at the following levels:

1. EU rules as set by the applicable directives on the matter;
2. National rules;⁸
3. Internal rules of the partner organization;
4. Programme rules (see specification below).

A matter of principle, the strictest rules must always be applied.

Each contract should be awarded on the basis of objective criteria that ensure compliance with the principles of transparency, non-discrimination and equal treatment and which guarantee that tenders are assessed under the conditions of effective competition.

Here some of the most common errors and weakness experienced in public procurement procedures project participants are asked to avoid:

- use of the wrong procurement procedure: since the applicable procedure changes according to the future contract value, when calculating the value of a contract, the maximum total amount that may be paid during the entire contract period (incl. potential renewal periods) needs to be estimated;
- imprecise definition of the subject-matter of the contract to be awarded;
- short deadlines for the submission of tenders;

⁸ National rules include laws on public procurement, related delegated or implementing acts or any other generally applicable legally binding rules and decisions.



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- artificially splitting the estimated contract value in order to reach the value range for direct awards;
- unlawful application of exemption rules;
- direct award procedure for urgent matters caused by insufficient planning by a project partner or any other circumstances attributable to the project partner;
- direct award for having already satisfactory worked with a certain external provider in the past;
- discriminatory selection criteria;
- restrictive technical specifications.

Failure to comply with the procurement rules set out at EU, national, internal or Programme levels will have financial consequences. The Programme follows the *“Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement”*⁹ by applying correction rates based on the type and significance of the non-compliance.

To avoid any loss of funds, and in case of control, project partners must therefore be able to prove that the award of contracts complies with aforementioned principles and, when applicable, public procurement rules.

Project partners cannot contract one another in the framework of the same project. This is due to the fact that the roles of project partner and service provider are different and not compatible. This applies to all partnership.

Programme rules on procurement

In order to guarantee a harmonized standard in contracting procedures in both Italy and Croatia and to accomplish sound financial management principle, the Programme requires from beneficiaries to give evidence of adequate market researches for contracts with a value between EUR 10.000,00 (excl. VAT) and the threshold set by the applicable EU and national rules.

⁹ Annex to the Commission Decision C(2019) 3452 final
[https://ec.europa.eu/transparency/documents-register/detail?ref=C\(2019\)3452&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=C(2019)3452&lang=en)



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This means that in such cases, **unless stricter national rules apply**, beneficiaries must perform and document the execution of adequate market researches (e.g. through collecting bids, using centralized e-procurement services, price list from Internet etc.). This is meant to provide sound knowledge and sufficient information on the relevant market allowing for sound comparison of offers in terms of price and/or quality and a profound assessment of the adequacy of the price.

When doing market research, the Programme strongly encourages beneficiaries to carry out “Bid at three” procedure (while other models are not excluded).

Even for contracts having a value below EUR 10.000,00 (excl. VAT) or below national threshold (if stricter than the Programme rule), the adequacy of costs must always be ensured. Upon request, beneficiary must provide evidence on procurement.

Scope of application of public procurement rules

Different rules apply depending on the legal status of the awarding institution:

- Public authorities and other institutions falling under the scope of application of the procurement laws¹⁰ (including international organizations) must comply with the applicable rules on public procurement;
- Entities not falling under the scope of application of the public procurement laws (e.g. private companies, NGOs or other associations of private bodies) are not required to follow public procurement procedures unless there are national or internal rules, which oblige them to do so. However these organizations must comply with the basic principles on which the procurement rules are based and must provide evidence of an adequate market research for estimated contract values above EUR 10.000,00 (excl. VAT), as described above, and of the result of assessment of offers and justification of contract award.

¹⁰ Namely, “contracting authorities” within the meaning of Directive 2004/18/EC or “contracting entities” within the meaning of Directive 2004/17/EC as further amended.



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Selection of the awarding procedure

Beneficiaries must choose the appropriate procedure on the basis of an accurate assessment of the value of the future contract, keeping in mind that the artificial splitting of contracts for remaining below a certain threshold violates the law. The estimated value of the contract is the basis for the selection of the procurement procedure to be conducted and accordingly determines the range of the publicity required for the respective procurement. The specific thresholds set by the European Commission or national institutions are indicated in the relevant EC Directives and national Laws.

/!\ POINT OF ATTENTION

Since procurement law is a complex matter, project participants are strongly recommended to seek procurement experts' advice and/or national public procurement authority early enough before launching an award procedure.

Alternatives to regular procurement procedures

1. In-house subcontracting: requirements from the latest EU Directive on public procurement¹¹ imply that:

- The contracting authority exercises over the contracted in-house body a control which is similar to that which it exercises over its own departments;
- More than 80 % of the activities of the controlled body are carried out for the controlling contracting authority;
- There is no direct private capital participation in the controlled body.¹²

When all three of the above conditions for an in-house contracting are given, the in-house body can be contracted by the beneficiary through a direct award. Costs of the contracted in-house body must always be charged on a real-costs basis or using simplified Cost Options (SCOs) in the same way as the project partner. In-house costs, if planned as real costs, should be planned and reported under budget line

¹¹ Directive 2014/24/EU of the European Parliament and of the Council of 26.02.2014, art. 12 which also establishes the methodology for calculating the percentage of activities referred to in point 2

¹² With the exception of non- controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the controlled body.



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“External expertise and services”. The above provisions concerning in-house contracting apply also to international organizations receiving funds within Italy-Croatia Programme projects.

2. Contracts for the cooperation between public bodies provided that the provisions of Directive 2014/24/EU Art. 12 (4) are respected.

2.2. State Aid

Public support granted by Interreg VI A Italy – Croatia Programme must comply with State aid rules.

What is State aid?

According to Article 107 of the Treaty on the Functioning of the European Union, in order to be considered State Aid, a funded activity must fulfil all the following 5 criteria:

1. The aid is provided by the Member State or through **State resources** (transfer of public resources, including EU, National, regional or local public funds): in case of Interreg VI A Italy – Croatia Programme this criterion always occurs;
2. The aid measure gives an advantage to an **undertaking** which is carrying out an **economic activity** in the context of the project. The term “undertaking” is to be interpreted in accordance with EU law: the definition set up by the European Court of Justice defines the term "undertaking" in a wide sense as any entity **which exercises an activity of an economic nature and which offers goods and services on the market, regardless the legal form and the way of financing of this entity**. Thus, **not only private companies are subject to State Aid rules but also public authorities and bodies governed by public law as far as they carry out an economic activity on the market**.

The question whether a market exists for certain services may depend on the way those services are organised in the Member State concerned and may thus vary from one Member State to another.



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Non-economic activity:

Non-economic activities are understood as activities that can only be carried out by the state, such as the provision of public goods for which there is no market (e.g. Public education, army, police...). This is a fluid term, and interpretation is subject to frequent modification. In this respect, please also consult §17 and 18 of the EC notice on the notion of State aid , which provides details on the fact that some activities do not constitute State aid following their classification as part of the prerogatives of official authority¹³.

3. The aid gives an **economic advantage** by participating in the project, which an undertaking would not have obtained under normal market conditions.

Indirect state aid:

An economic advantage can be transferred to third parties outside the project partnership (so called indirect State aid): e.g. project partner offers training for free to companies in its regions.

4. The economic advantage is **selective** favouring certain undertakings or the production of certain goods. Selectivity of the aid is also satisfied for example if it is granted only to undertakings belonging to a specific geographical area. In case of INTERREG VI A Italy-Croatia Programme focusing on a specific cross-border area or specific economic sectors, this criterion potentially occurs. Consequently, this criterion must be checked considering the real impact of the project outputs and results at territorial level and in the same way, if the measures are selective as well as they do not address all the undertakings, but they only focus on some specific sectors.
5. The aid **distorts** or threatens to distort **competition** and trade within the European Union: as the Interreg VI A Italy – Croatia Programme is a ETC Programme this criterion potentially occurs as the aid measures could be intended not to be local, but cross-border.

If one single criterion is not fulfilled, the assistance granted is not subject to the EU rules on State Aid.

¹³ Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union (2016/C 262/01)



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It is to be noted that the Interreg VI A Italy – Croatia Programme does not support undertakings in difficulty, unless authorised under *de minimis* aid or temporary aid rules established to address exceptional circumstances.¹⁴

Interreg VI A Italy – Croatia Programme and State aid

During the project assessment, the JS, supported by external experts if needed, shall verify State aid compliance of the submitted applications through a dedicated assessment focused on the five criteria listed above, with particular attention to the assessment of the status of “undertaking” of the partners and of the existence of an economic advantage for the undertaking.

The analysis of State aid, may lead to the identification of a high or low risk of State Aid compliance associated with each project proposal and consequently to the following scenarios:

- the project activities are **not State Aid relevant** and the Application Form does not foresee the risk of State Aid compliance: in this case no state aid conditions are set in the Subsidy Contract;
- the project does contain a **risk of State Aid** compliance which **can be removed**: in this case, Interreg VI A Programme might ask the project partners to exclude certain activities from the project proposal or to take measures in order to eliminate the state aid cause (e.g. wide dissemination also to competitors of certain project outputs or adapting activities of the project). Specific obligation will be included in the Subsidy Contract;
- **direct State aid** granted to one or more partners: in this case the entire budget allocated to the concerned partner is regarded as State aid granted under the General Block Exemption Regulation (GBER)¹⁵ or, in exceptional cases, under *de minimis*¹⁶ Regulation;

¹⁴ Art. 2 point 18 Regulation EU N. 651/2014 (updated version)

¹⁵ Regulation EU N. 651/2014 as further amended.

¹⁶ Regulation EU N. 1407/2013 as further amended.



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- **indirect state aid** granted to third parties outside the project partnership: in this case, a contractual condition setting a threshold to the aid granted to third parties is set in the Subsidy Contract.

Direct Aid Granted under GBER

The General Block Exemption Regulation (GBER) allows to implement a wide range of public support measures without prior notification to the EC, as long as all criteria given in the regulation are fulfilled. It includes a block exemption for aid granted in the context of Interreg projects (GBER Article 20). As other Programmes, also Interreg VI A Italy – Croatia Programme will make use of this opportunity to grant direct State aid. Article 20 GBER allows up to 80% of public funding of costs arising for companies, when taking part in an Interreg project as partner. The costs mentioned in this article correspond to the cost categories foreseen by the Programme. The aid granted by the Programme amounts to the whole ERDF budget of the concerned partner (s), up to a ceiling of 2 million EUR of total public contribution per partner and per project.

See examples below:

PP TOTAL BUDGET	ERDF contribution (80%) granted under art. 20 GBER	Co-financing 20% provided by the PP
EUR 500.000,00	EUR 400.000,00	EUR 100.000,00
EUR 300.000,00	EUR 240.000,00	EUR 60.000,00

/!\ POINT OF ATTENTION

It is very important to highlight that partners receiving the ERDF from the Programme under the GBER regime cannot receive any additional public co-financing to their budgets (e.g. Italian PPs cannot receive the Italian public co-financing - i.e. "Fondo di Rotazione").

Article 20 A GBER allows to grant aid to an undertaking per project up to EUR 20.000,00.



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Direct Aid Granted under *De Minimis*

For partners receiving public co-financing to their budget, the Programme can also grant ERDF financing *as de minimis aid*, as set out in Commission Regulation UE 1407/2013. According to this Regulation the total amount of aid granted **per Member State** to a **single undertaking** within the selected project co-funded by the Interreg VI A Italy-Croatia Programme cannot exceed EUR 200.000,00 (EUR 100.000,00 for companies in the road transport sector) over a period of three fiscal years.

Please note that “*single undertaking*” in *de minimis* Regulation means that if a project partner is part of a group, the entire group is therefore considered as one single undertaking and the *de minimis* threshold applies to the entire group.

The notion of single undertaking includes all enterprises having at least one of the following relationships with each other:

- a) One enterprise has a majority of the shareholders’ or members’ voting rights in another enterprise;
- b) One enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- c) One enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;
- d) One enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders’ or members’ voting rights in that enterprise.

Enterprises having any of the relationships referred to in the above points through one or more other enterprises shall also be considered to be a single undertaking.

The *de minimis* aid given by the Programme is granted by the Member State Italy (as the country where the MA is situated) and its amounts to the whole ERDF budget of the concerned partner, as identified in the application form. In case the Programme sees State aid relevance at the level of the concerned partner



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this latter will be asked in the application form to choose if the ERDF funds shall be granted as GBER-aid or *de minimis* aid (the Programme strongly recommend GBER as it entail less administrative burden for the project).

Public aid considered by the Programme for the above mentioned *de minimis* threshold comprises all aid granted *as de minimis aid only* by **Italian national, regional or local entities**, regardless of whether the resources are provided from domestic sources or are partly financed by the European Union.

As a consequence, partners carrying out State aid relevant activities in **the project might have a reduction of the ERDF** granted by the Programme in order to ensure the respect of the applicable *de minimis* threshold. Please note that Italian partners (also Private ones) receiving by the MA the Italian national co-financing (i.e. Fondo di Rotazione) may result as well in a reduction of total aid granted (ERDF+ Italian National co-financing) in order to respect the applicable *de minimis* threshold.

Example 1:

A private company located in Italy has applied for funding in an Interreg Italy – Croatia project. The total budget of this company in the project is EUR 200.000,00 out of which the ERDF support amounts to EUR 160.000,00 (80 % ERDF financing).

1.1 The company has received from Italian national, regional or local entities a grant of EUR 50.000,00 under the *de minimis* rule in the same year in which it applied for funding by the Interreg Italy – Croatia Programme.

According to the *de minimis* limitation of up to EUR 200.000,00 of public contribution in three fiscal years, the ERDF granted by the Interreg Italy – Croatia Programme to this company shall respect such *de minimis* threshold. The public contribution that can be granted to this company at the date of signing the subsidy contract amounts to: *de minimis* threshold (EUR 200.000,00) – public contribution already received (EUR 50.000,00) = EUR 150.000,00.



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Accordingly, the ERDF contribution granted by the Programme amounts to EUR 150.000,00 instead of EUR 160.000,00.

Total budget of this Company = EUR 150.000,00 (ERDF contribution)+ EUR 50.000,00 co-financing provided by the company;

1.2 The company did not receive from Italian national, regional or local entities grants in the same year in which it applied for funding by the Interreg Italy - Croatia Programme and neither in the previous two ones.

The public contribution that can be granted by the Programme to this company at the date of signing the subsidy contract amounts to: EUR 160.000,00 (ERDF contribution) + EUR 40.000,00 (Italian public co-financing - i.e. “Fondo di Rotazione”).

Total budget of this Company = EUR 160.000,00 (ERDF contribution) + EUR 40.000,00 (Italian public co-financing);

Example 2:

A private company located in Croatia has applied for funding in an Interreg Italy – Croatia project. The total budget of this company in the project is EUR 200.000,00 out of which the ERDF support amounts to EUR 160.000,00 (80 % ERDF financing).

The company received under de minimis rule a grant of EUR 50.000,00 by Croatian entities but nothing from Italian national, regional or local entities.

The ERDF granted by the Interreg Italy – Croatia Programme to this company, shall remain EUR 160.000,00 since the ceiling to the accumulation of de minimis aid applies “per Member State”.

Total budget of this Company = EUR 160.000,00 (ERDF contribution) + EUR 40.000,00 co-financing provided by the company (the Italian national co-financing only applies to Italian companies).



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Indirect Aid Granted to third parties

Project activities might result in advantages granted to undertakings outside the project partnership that they would not have received under normal market conditions. This might be the case, for example, of free of charge services, training, or consultancy to companies, including vouchers (a voucher scheme might be considered as a state aid relevant intervention and state aid provisions might apply in relation to the recipients participating in the voucher schemes). In such cases, the aid is granted to third parties who are the final beneficiaries of the project activities. This aid will be granted under GBER article 20 A¹⁷. Aid granted under GBER article 20 A to an undertaking as final beneficiary of project activities **cannot exceed EUR 20.000,00**. The amount of aid granted to each final beneficiary is to be determined by the concerned partners prior to the implementation of project activities that are affected by indirect aid, and it shall be approved by the MA/JS.

2.3. Complaints and litigation

Complaints cover any dispute between potential and selected beneficiaries with regard to the proposed or selected operation and any disputes with third parties on the implementation of the Programme or of the funded project.

The complaint procedures set-up by the Programme are differentiated in relation to the matter concerned:

- a) Complaints against decisions of the MC on project selection;
- b) Complaints concerning Programme decisions on project implementation;
- c) Any other complaints outside the responsibility of the MA/JS.

A) Complaints against decisions of the MC on project selection

Please refer to the Project Selection Procedure of the relevant Call for Proposals.

¹⁷ Article 20a of Regulation (EU) No 651/2014, introduced by the amending Regulation (EU) No 2021/1237.



B) Complaints during Project Implementation

Complaints on MA/JS implementation of the Subsidy Contract

The LP, on behalf of the partnership, may file complaints against acts, omissions and/or decisions of the Programme during project implementation that are based on the subsidy contract concluded between the MA and the LP. The MA, with support of the JS, will examine the complaint on basis of the information provided by the LP. If the issue cannot be solved between MA and LP, the LP can address the competent court in Venice considering the rules as laid down in the subsidy contract and the relevant provisions of the applicable Italian law.

Complaints related to Audit and Control Bodies

Complaints against acts, omissions and/or decisions of control and audit bodies (national controllers, Programme auditors or any other national or EU institution), have to be submitted to the responsible EU authority or administrative body at Member State level according to the applicable procedures set up at national and EU-levels.

C) Any other complaints outside the responsibility of the MA/JS

Any other complaints against other persons or institutions performing activities that might affect activities of the partnership or the rights of beneficiaries and that are outside the sphere of competence of the MA/JS have to be directed e.g. to the employing or contracting institution or competent administrative or criminal offices and shall not be addressed to the MA.



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2.4. GDPR, General Data Protection Regulation¹⁸

The Interreg Italy Croatia 2021 – 2027 Programme bodies, such as the Joint Secretariat and Managing Authority, Controllers bodies and Audit Authority, all carry out tasks that are defined in EU legislation. The Programme only process¹⁹ information that is strictly required and needed for the Programme to function and reach its goals. Such information must by law be kept until the Programme period has been finally closed.

If any other personal data is collected during project application or implementation, the Programme bodies will always make sure that the information will be handled professionally and taking account of requirements for data protection of personal data in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council.

2.5. Anti-fraud policies

The Programme Member States and the MA are committed to protect the EU and public funds entrusted against fraud and corruption according to its administrative capacity.

The term fraud is commonly used to describe a wide range of misconducts including theft, corruption, embezzlement, bribery, forgery, misrepresentation, collusion, money laundering and concealment of material facts. It often involves the use of deception to make a personal gain for oneself, a connected person or a third party, or a loss for another – intention is the key element that distinguishes fraud from irregularity, which is an act that does not comply with rules but may be the result of genuine errors committed by beneficiaries claiming funds.

¹⁸ REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

¹⁹ Art 4. c. 2 ‘processing’ means any operation or set of operations which is performed on personal data or on sets of personal data, whether or not by automated means, such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction.



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Fraud does not just have a potential financial impact, but can also cause damage to the reputation of the Programme bodies.

Corruption is the abuse of power for private gain. Conflict of interests exists where the impartial and objective exercise of the official functions of a person are compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with e.g. an applicant for or a recipient of EU funds.

Within the Programme, overall responsibility for managing the risk of fraud and corruption has been delegated to the Managing Authority who has the responsibility for:

- undertaking a regular review, with the help of a risk assessment team, of the fraud risk;
- establishing an effective anti-fraud policy and fraud response plan;
- ensuring fraud awareness of staff and training;
- ensuring that the Managing Authority refers promptly investigations to competent investigation bodies when they occur;

The Managing Authority has put in place proportionate anti-fraud measures based on a thorough fraud risk assessment. The Managing Authority carries out a vigorous and prompt review into all cases of suspected and actual fraud which have occurred with a view to improve the internal management and control system where necessary. All cases of suspected fraud will be reported further to the police, to the European Anti-Fraud Office and to the Ministries and regions participating in the Programme.

The responsibility for an anti-fraud culture lies with all those involved in the EU Programmes and projects. We therefore encourage all partners, contractors, employees, or the general public to assist in preventing fraud from taking place, putting into place proportionate measures to detect it and making it transparent.



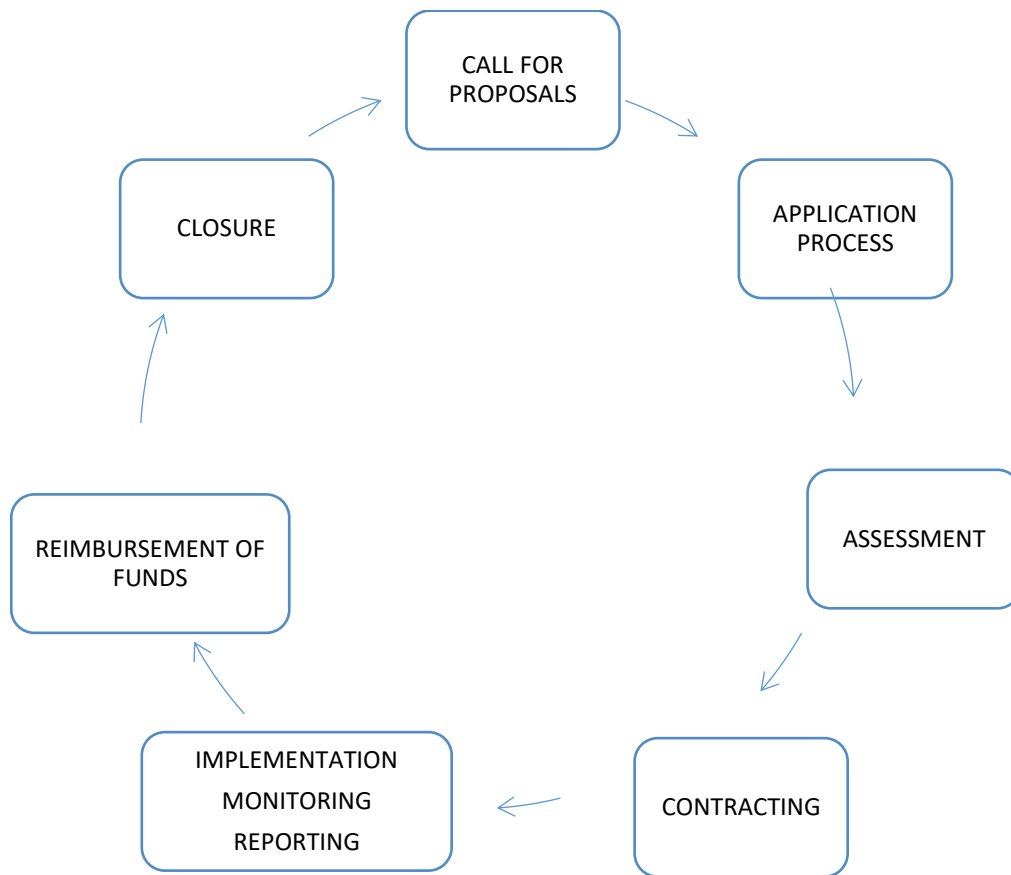
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3. PROJECT GENERATION AND START

3.1. Project’s lifecycle

The projects funded by the Programme follow a specific cycle which can be summarised as follows:

Image 3: Project’s lifecycle



Call for Proposals

The Programme is implemented through open Calls. Each Call for Proposals will clearly indicate the type of projects that are supported and rules to apply. When necessary, the Programme may implement restricted or targeted Calls for proposals clearly addressing specific applicants, priorities or specific objectives.



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Application process

The application phase concerns the generation of new projects and their submission to the Programme. In the application form all essential information about the project must be clearly presented as it is the basis for the quality assessment and subsequently the project selection by the MC.

Project proposals can only be created and submitted through Jems only. The project proposal can only be submitted by the user that created the project proposal, who should be the Lead applicant. Project proposals have to be submitted before the deadline stated in the Call.

Assessment

After the submission of project proposals, the assessment and selection procedures take place and include the following steps:

1. Administrative compliance and eligibility checks - is aimed at verifying the administrative and eligibility compliance with the requirements set in the Call for proposals.
2. Quality assessment - is aimed at evaluating the quality of admitted and eligible proposals.
3. State Aid assessment (*only for projects recommended for funding*).

The MC is in charge of the final decision on selecting the operations and may decide to set some conditions for funding. The decision of MC will be communicated to applicants with the publication of the ranking list on Programme website.

Contracting

Once a project has been selected for funding and has fulfilled the conditions laid down by the MC, a Subsidy Contract between the Programme's MA and the project's Lead Partner (LP) is concluded. The subsidy contract establishes the rights and responsibilities of the Lead Partner and the MA.

Implementation

Implementation period is clearly stipulated in Subsidy contract. Reporting periods are also clearly stated in SC. Project implementation rules provided by Programme must be carefully observed and implemented.



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Monitoring and reporting

The Programme promotes and implements an interactive dialogue and a continuous flow of information with projects in order to closely follow the progress of project implementation. Reporting activities and costs is an essential task of project management in which the whole partnership is highly involved. It allows the Programme to monitor project progress and, in particular, to verify the compliance of project implementation with the approved application form as well as with the rules governing the EU Structural Funds and the Interreg IT-HR Programme. Project reporting and monitoring are the basis for the reimbursement of ERDF co-financing to the project.

Reporting and monitoring take place at partner and project levels. The joint reporting at project level follows a reporting timeframe stated in Subsidy Contract.

In addition to the project progress report, the Programme uses other sources of information to monitor progress in implementation on a continuous basis. Among others, the Programme uses:

- the project's website;
- exchange information with the lead partner and partners (e.g., online meetings or phone conferences);
- mid-term review meetings.

The **mid-term review meeting** between the Joint Secretariat and the Lead Partner takes place after at half way during project activities. It offers an opportunity for the Programme to obtain a more detailed picture of the project's performance beyond the information provided in the progress reports.

Reimbursement of funds

The Interreg IT-HR Programme follows the **reimbursement model** of costs incurred and paid by the beneficiaries. This means that each beneficiary must fully pre-finance its project expenditure. Beneficiaries should bear in mind that the absence of advance payments from the Programme, and the time gap between incurring the expenditure and having it reimbursed, may lead to cash-flow challenges. As stipulated in the subsidy contract, the disbursement of funds to the LP is subject to the condition that the EC makes the necessary funds available. Should no funds be available, the LP will be duly notified by the MA/JS.



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After receipt of funds from the MA, the LP is obliged to transfer in time and in full the share of ERDF which corresponds to each PP. No amount shall be deducted or hold by LP.

Closure

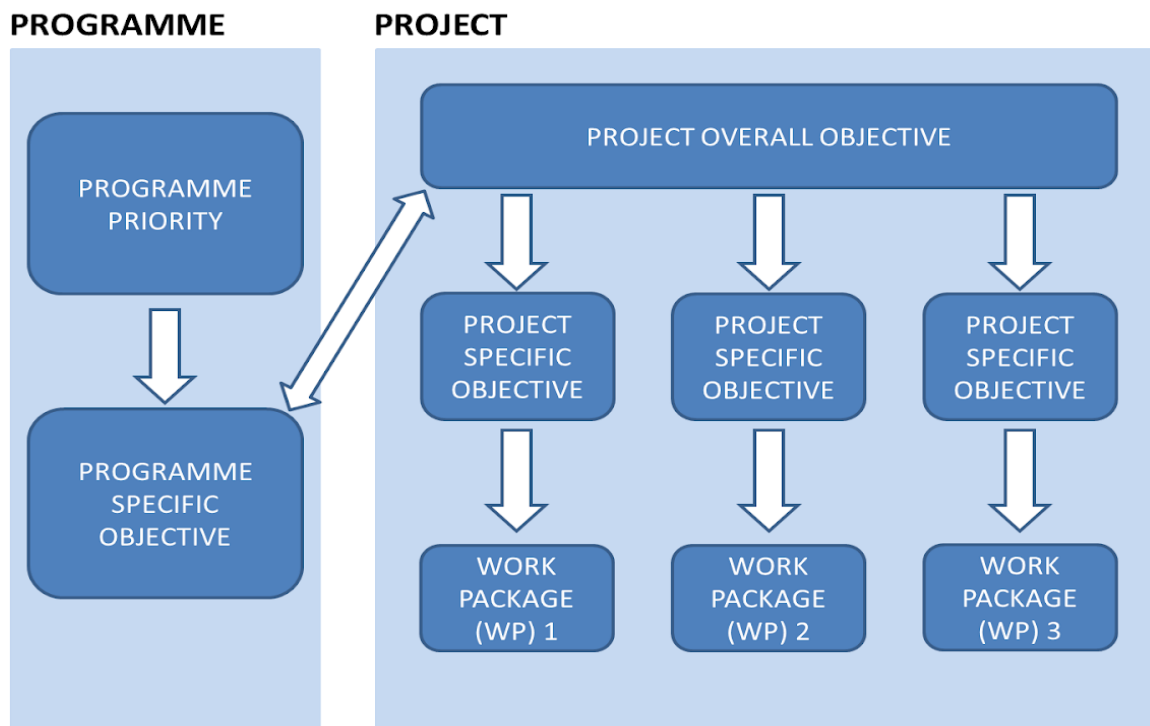
Closure is final phase in project lifecycle when ex-post monitoring period starts. Archive of project documents (related to activities and finance) is set-up in closure phase in order to assure retention of documents for period of 5 years.

3.2. Project generation

How to set the project objectives

Each **project** must define its **overall objective** not only with the aim of tackling current territorial challenges, but also following the need to be **compliant with the Programme specific objective**.

Image 4: Programme and project's objectives



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Definitions of different level objectives:

- **Programme specific objective:** what the Programme wants to change for its inhabitants in this thematic area;
- **Project overall objective:** defines what the project aims to achieve for the benefit of the involved regions and its target group(s) and points to the planned project results (and territorial change).

After being set, the project overall objective is then divided into several project specific objectives, each one strictly linked to a Work Package.

- **Project specific objective:** defines an immediate goal that a project can realistically achieve within the project lifetime through its planned activities and related outputs and deliverables. It must clearly contribute to the overall project objective and should be specific and measurable. At the end of the project, it should be verifiable whether the specific objective has been reached.

⚠ POINT OF ATTENTION

Project specific objectives must be:

- precise and relevant for the Programme;
- ambitious, but feasible within the duration of the project.

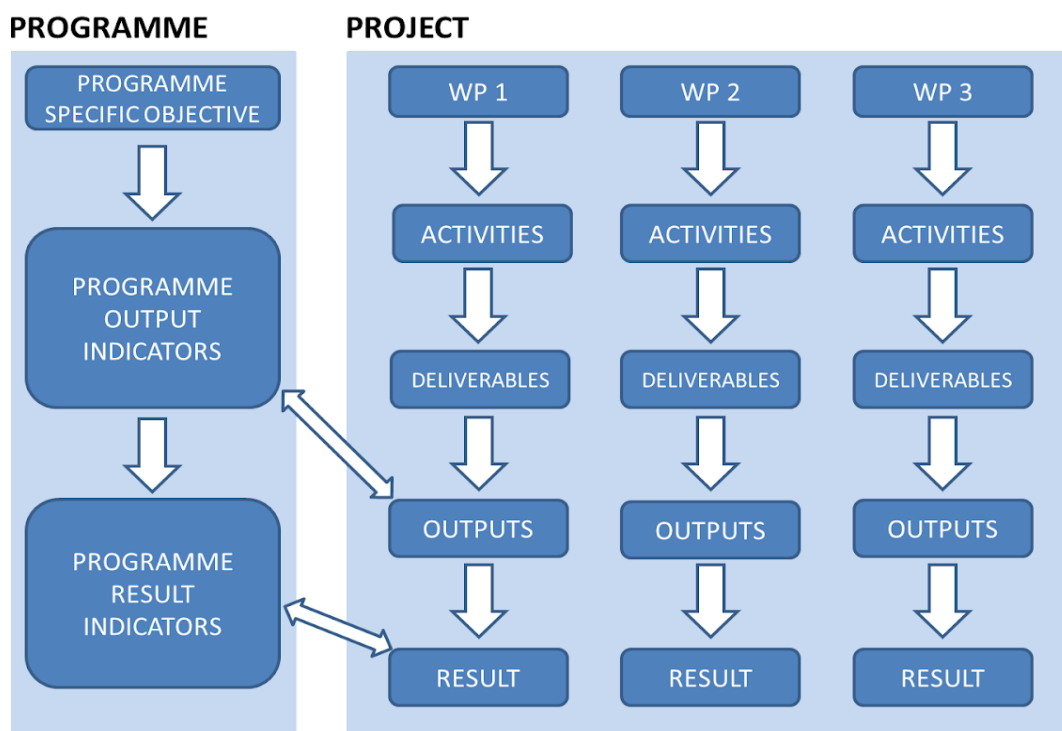
How to build a project Work plan

A project **Work plan** is structured into **Work Packages (WP)** and **activities**, while its final aim is to produce **deliverables** and **outputs** to achieve concrete results that reach the set objectives.



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Image 5: Programme and project's links



Definitions of Work plan elements:

- **Work Package (WP):** a group of related project activities necessary to produce project deliverables and main outputs;
- **Activity:** a specific task performed for which resources are used; the proposed activities shall have a logical sequence and be planned for the direct benefit of the area concerned by the authorities involved in the project. Each Work package is divided into activities, each activity can lead to one or several deliverables;
- **Deliverable:** a tangible or intangible object developed as a side-product of the project that contributes to the achievement of a project output. More than one deliverable can be necessary to produce one output;
- **Output:** the actual product resulting from the implementation of project activities. It is captured by an output indicator and directly contributes to the achievement of project result(s) and project-specific objectives.



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- **Result:** describes the advantage of carrying out the project and characterising the change compared to the initial situation. Results are derived from the outputs achieved by the project. It must be coherent with project objectives and contribute to the Programme results.

For each activity, applicants must specify who will benefit from the project outputs:

- **Target Group:** is a group of stakeholders that is targeted by the project and will benefit from the project results. They should preferably be actively involved in the project implementation and the development of its outputs.

Given the typology of actions foreseen and the results expected, the Programme has identified the following target groups for each SO:

Table 6 : Target groups

SO	Jems Target Groups
1.1	<ul style="list-style-type: none"> ● Local public authority; ● Regional public authority; ● National public authority; ● Sectoral agency; ● Higher education and research organisations ● Education/training centre and school ● Enterprise, except SME ● SME ● Business support organisation; ● Interest groups including NGOs; ● General public.
1.2	<ul style="list-style-type: none"> ● Local public authority; ● Regional public authority; ● National public authority; ● Sectoral agency; ● Higher education and research organisations ● Education/training centre and school;



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	<ul style="list-style-type: none"> ● Enterprise, except SME; ● SME; ● Business support organisation; ● Interest groups including NGOs; ● General public.
2.1	<ul style="list-style-type: none"> ● Local public authority; ● Regional public authority; ● National public authority; ● Sectoral agency (including Civil protection bodies and emergency services); ● Higher education and research organisations; ● Enterprise, except SME; ● SME; ● Interest groups including NGOs; ● General public (particularly youth).
2.2	<ul style="list-style-type: none"> ● Local public authority; ● Regional public authority; ● National public authority; ● Sectoral agency; ● Higher education and research organisations; ● Enterprise, except SME; ● SME; ● Business support organisation; ● Interest groups including NGOs; ● General public (particularly youth).
3.1	<ul style="list-style-type: none"> ● Local public authority; ● Regional public authority; ● National public authority; ● Sectoral agency; ● Infrastructure and (public) service provider; ● Enterprise, except SME; ● SME;



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	<ul style="list-style-type: none"> ● Interest groups including NGOs; ● General public.
<p>4.1</p>	<ul style="list-style-type: none"> ● Local public authority; ● Regional public authority; ● National public authority; ● Sectoral agency; ● Enterprise, except SME; ● SME; ● Education/training centre and school; ● Business support organisation; ● Interest groups including NGOs (including DMOs, tourist boards and local action groups) ● General public (particularly youth).
<p>5.1</p>	<ul style="list-style-type: none"> ● Local public authority; ● Regional public authority; ● National public authority; ● Sectoral agency; ● Higher education and research organisations; ● Enterprise, except SME; ● SME; ● Interest groups including NGOs (including local action groups and similar); ● General public (particularly youth).

⚠ POINT OF ATTENTION

During the 2021-2027 programming period, management and communication do not exist as separate WPs anymore. **Only Thematic WPs have been envisaged**, thus, communication and management must be integrated into all thematic WPs, as cross-cutting activities.



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Contribution to Programme Indicators

The Programme has selected two sets of indicators which aim at measuring the outputs and results achieved by the projects:

- **Output indicator (RCO)** measures the specific deliverables of the project;
- **Result indicator (RCR)** measures the effects of the supported project, with a particular reference to the direct addressees, population targeted or users.

The Programme has identified the most suitable indicators for each Programme Specific Objective. An information-sheet containing a description of each indicator is available in the **Programme Intervention Logic** document to guide the applicants in the drafting of the Application Form and to better explain what they are expected to achieve.

Each project is required to contribute to both output and result indicators through the implementation of the activities that compose its Work plan. The contribution to the Programme indicators and their alignment with the Programme objectives is taken into account when assessing the quality of projects.

! POINT OF ATTENTION

When developing projects, applicants are expected to research and take into account existing outputs and results developed by previous projects funded by Interreg Italy Croatia as well as other Interreg Programmes and EU financing instruments. This will help to increase the efficiency of the Programme co-financing because it ensures that project ideas are innovative and not double-funded. In addition, it improves the effectiveness and impact of cooperation.

Investment(s)

The investment concept is linked to implementation-oriented activities that lead to the development of outputs relevant for the project.

An investment could enclose ***Innovative solutions***, such as procedures, instruments or tools (including physical objects, methods, concepts, or services etc.) and the ***realization of infrastructural interventions***,



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which are implemented at a small scale and are necessary for the successful implementation of the project.

The investment must clearly contribute to the project overall and specific objectives: it must have a demonstration, model or pilot character and show a clear cross-border implementation dimension and effect that the partnership evaluates together. The investment should be well integrated into the work plan and show a clear benefit for the target groups addressed. It should ideally pave the way to large-scale investments, thus increasing the impact of the project. Projects should demonstrate that necessary authorisations for pilot investments (e.g. building permits) are available or can be obtained in a reasonable time to avoid hampering the overall project implementation.

In the project budget, according to its contents, the Investment can include items that belong to the cost categories “External Expertise and Services”, “Equipment” and “Infrastructure and works” for e.g. a new construction of a building or the adaptation of existing infrastructure.

⚠ POINT OF ATTENTION

- 1. All costs related to meeting standards and obligations related to the nature of the investment (e.g. feasibility studies, revenue generation, environmental impact assessments, climate protection, building permits, etc.) must be included in the category of external expertise and service costs, unless they are part of an infrastructure contract.*
- 2. Productive investments can only be supported for SMEs, with notable exceptions as foreseen in Article 5(2) of the ERDF regulation. Pilot investments have to comply with relevant legislation and environmental policies, as well as with the durability and ownership requirements. Furthermore, infrastructure investments with an expected lifespan of at least 5 years have to ensure their climate proofing. In addition to EC guidance, specific rules may be set out by the country in which the infrastructure investment will be realised. Projects are also encouraged to integrate the principle of barrier-free accessibility at all levels, with a special focus on physical investments.*
- 3. The LP/PP that will have investment within the project should demonstrate financial capacity and mechanisms to cover operation and maintenance costs in view of financial sustainability.*



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4. The assessment of expected impacts of investment on climate change will be implemented by the Programme together with the building permits but only for investments in infrastructures with a total cost of 1 million Euro or more.

How to plan the budget

All projects are financed through a system of budget-based grants, by reimbursing the ERDF's component of the eligible costs of a project. A project's total cost is estimated beforehand, based on a detailed calculation of all costs that are eligible for ERDF funding and necessary for implementation of the project's Work plan. Eligible partners shall secure stable and sufficient sources of finance to ensure both the project implementation and the continuity of the organisation's activities throughout the project's lifespan.

The budget of the project must be drafted "per partner", according to each partner's Work plan. Each partner must also choose a cost option among the ones foreseen by the Programme, while fully accomplishing the principles of the adequacy of costs and sound financial management. As set out in the Financial Regulation 2018/1046, the key principles governing the use of EU funds are:

- **The principle of economy:** it requires that the resources used by the beneficiary in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price;
- **The principle of efficiency:** it concerns the optimal balance between resources employed, the activities put in place and results achieved;
- **The principle of effectiveness:** it concerns the attainment of the specific objectives set through the activities undertaken.

The EU grants should not have the purpose or effect of producing a profit for the beneficiaries (profit is defined as a surplus of receipts over eligible costs incurred by the beneficiaries).



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3.3. Conditions clearing and contracting

The contracting process starts with the letter of notification of approval or “approval under conditions” which is delivered to the LP. In pre-contracting phase eventual conditions set by MC must be carefully observed and fulfilled by LP prior contract signature. This process is performed individually between each LP and the JS. At this stage, the JS asks for any information and documentation needed to prepare the Subsidy Contract.

The Subsidy Contract

If the project is selected for funding and fulfil the conditions for approval set by the MC, on the basis of the LP principle, a Subsidy Contract between the MA and the LP is concluded. The subsidy contract constitutes the legal framework for the implementation of the project.

The Subsidy Contract confirms the final ERDF commitment to the project, it determines the rights and responsibilities of the LP and the MA, the conditions for support and all the necessary implementing arrangements. The final application form is an integral part of the Subsidy Contract.

A model of the Subsidy Contract is available on the website of the Italy-Croatia CBC Programme.

The LP has one month for accepting the subsidy contract offer sent by the MA/JS. To accept it, the LP shall send back to the MA/JS two original print-outs of the subsidy contract that are dated and signed by the legal representative of the LP institution. Alternatively, the subsidy contract can also be signed and returned digitally with a qualified electronic signature that is compliant with the eIDAS Regulation (Regulation (EU) No. 910/2014). The MA will then send back to the LP a countersigned copy of the subsidy contract.

Note: Programme strongly recommends to use digital signature whenever possible.

If the LP does not accept the subsidy contract offer within the above-mentioned period, the offer loses validity unless an extension is granted by the MA.



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The Partnership Agreement

The Partnership Agreement (PA) is a document formalizing the organization of the partnership and defining the responsibilities of each partner for the implementation of the project in accordance with the final application form. The PA is concluded between the LP and all the partners involved in the project. The PA clearly states the so called “LP Principle” for the operational management and coordination of the project. The PA allows the LP to extend the liabilities of the Subsidy Contract to the level of each partner and comprises provisions that, inter alia, guarantee the rights and obligations of each PP, the sound financial management of funds allocated to the project, the arrangements for recovering amounts unduly paid, etc. A model of Partnership Agreement with minimum compulsory contents is provided by the Programme and made available to beneficiaries. Additional elements may be included in order to tailor the agreement to the needs of a partnership. Additional provisions included in the document must in any case be in line with the Programme objectives and the legal framework mentioned in the subsidy contract and partnership agreement model.

The agreement must be concluded and signed by the partners as soon as possible and before the signature of the subsidy contract. No payments can be paid out to the lead partner until the partnership agreement is signed by all the partners. A copy of the signed agreement must be provided to the MA/JS. The MA and JS will check the partnership agreement in order to verify that it has been signed and that it meets the minimum requirements set by the Programme.

3.4. Lead Partner principle and project start

After approval, the project will undergo the initiation stage aiming at ensuring a quick start-up of the project through the accomplishment of the necessary signed contracts and related documents.

Lead Partner Principle

In compliance with the “LP principle”, each project partnership shall appoint one organisation acting as LP. **The LP takes full financial and legal responsibility for the implementation of the entire project.**



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The **Lead Partner (LP)**:²⁰

(a) lay down the arrangements with the other partners in an agreement comprising provisions that, inter alia, guarantee the sound financial management of the respective Union funds allocated to the Interreg operation, including the arrangements for recovering amounts unduly paid;

(b) assume responsibility for ensuring implementation of the entire Interreg operation; and

(c) ensure that expenditure presented by all partners has been paid in implementing the Interreg operation and corresponds to the activities agreed between all the partners, and is in accordance with the document provided by the managing authority pursuant to Article 22(6).

⚠ POINT OF ATTENTION

The partnership is strongly advised to agree on an internal reporting procedure and to set internal deadlines in the Partnership Agreement to ensure that the documents reach the Joint Secretariat on time. The lead partner should ensure timely submission of the reports and for that purpose it is suggested to conduct trainings for the project partners. The partners should also carefully consider and agree on how the results and outcomes of the project really are jointproperty of all project participants (LP and PP(s)), and how each project participant grants a simple, non-exclusive right of use of any produced work to all other project participants.

PROJECT START – tasks:

Tasks associated to project start phase, including project management and coordination:

- Setting up Project Steering Committee:

Each project must set the necessary procedures for decision-making and coordination between the partners. For this reason, projects are requested to set up a **Project Steering Committee**, an internal body of the project, composed of representatives of all project partners.

²⁰ In line with Interreg regulation art.26



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The tasks of the Project Steering Committee include as a minimum:

- Monitoring and validating the project contents: verifying that the project implementation is in line with activities and outputs defined in the approved Application Form, and validating the quality of main project outputs and the progress towards achieving set objectives;
- Monitoring of project finances: monitoring the project budget and project spending;
- Review of the management performance and of the quality of progress reports towards the Programme bodies;
- Decisions on required project modifications (e.g. content, partnership, budget, duration) to be requested for approval to the Programme bodies. In this case, it will be necessary to address a request for partnership change to the Programme Authorities;
- Working groups, task forces and advisory groups may be established to coordinate the day-to-day running of activities, to fulfil specific tasks, etc.
- Adequate representation of involved partners must be observed in establishing decision-making and coordination mechanisms.

The setup of the project Steering Committee and the organisation of the first meeting must be ensured as early as possible. At the beginning of the project, the project also establish the Steering Committee rules of procedures whilst describing in detail the management structure that guarantee the proper implementation of the project and mark the launch of project activities.

- **Organisation of project management:**
 - Projects need to establish a clear management concept including a decision-making structure able to steer and monitor project progress and, in case of unforeseen situations or risks, to adjust project implementation and find adequate mitigation measures;
 - Project needs to set up the **Project management unit (PMU)** consisting of:
 - ✓ Project Manager: is experienced so as to ensure the thematic coordination of the project activities and work packages; is able to act as a driving force of the project and to mobilise the partnership in order to achieve the objectives set in the application; is experienced in management of EU funded projects; speaks and reads



fluently English to ensure communication within the partnership and with the Programme authorities.

- ✓ Financial Manager: is experienced so as to ensure the management of the project budget, including budget modifications, financial reporting and submission of payment claims to the Programme. FM must ensure that project partners have received the Interreg funds and verification of the correct transfer of Interreg funds to the partners; is responsible to closely and regularly monitor the financial performance of the project partners; works in close contact with the project coordinator and the partners in order to enable the efficient overall financial management of the project; ensures that the project does not contribute to the Programme de-commitment risk; is familiar with accounting/bookkeeping, as well as with handling international transactions; is aware of the EU and national legislation regarding financial management and controls, public procurement and, where appropriate, State aid.
 - ✓ Communication Manager: should be able to coordinate the communication flow and communication content production from all the partners, to collect, process and elaborate complex concepts and data (also scientific) into visually appealing message easy to convey via different project communication channels to various types of users.
- Projects should tackle quality management, in order to ensure consistency and coherence of the information and content of a deliverable, in tight connection with the activity that it corresponds to. Specifically, for the outputs: a) how the output contributes to the Programme actions and/or targets, b) how the output can be used and by whom (target group), what is the benefit for the target groups and the target area, c) how the sustainability of the output can be ensured;
 - Projects should put in place evaluation plan that is related to deciding how the project will be monitored and assessed to determine the project's success and effectiveness. An



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effective evaluation plan should show how the project will be monitored and how its objectives will be met;

- Projects should put in place a risk management plan to address aspects such as possible modifications to the project plan, to the achievement of outputs and results, partners dropping out, delays in delivery, etc.). Following risks may be taken into account when setting up risk management plan (*non exhaustive list*):
 - ✓ Strategic - related to the rationale, quality and timely delivery of the project objective, result or outputs, including to the work plan implementation and to procurement – linked to the involvement of external experts or consultants in project implementation;
 - ✓ Pilot project, innovation and investment related risks – linked to timely availability of necessary documents, the development or implementation of innovative technology or solutions or to the investment delivery stages, ownership or durability issues in case of infrastructure or productive investments;
 - ✓ Communication – potentially ineffective project communication strategy with internal or external effects , poor visibility on the Italy Croatia territory making roll-out or upscaling of outputs difficult, non-compliance by partners or sub-contractors with Programme publicity rules;
 - ✓ Finance – linked to the receipt of match-funding required for the project, accuracy of budgeting or financial milestone-setting for ERDF subsidy contracts, state aid rule application, individual partner cash flows, etc.
- Kick-off meeting:
 - Purpose: organised within a reasonable deadline after the approval of the SC, in order to ensure that all partners are ready to start the implementation work and are clear about what steps to take next
 - Scope: a) all partners should be present, b) represents an overview of the project contents and gives the new staff of the project, who did not take part in the preparatory meetings,



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the opportunity to introduce themselves

- Participation of Programme relevant bodies is to be considered in the light of both strategic role and decisions to be made.
- Mid-term review meeting:
 - The projects have to organise the mid-term review at half way during implementation with the participation of the JS.
 - The review complement information collected through continuous reporting and monitoring and help to reach a common view on the state of play of project implementation between the partnership and the MA/JS. The review also allows to assess the effective capacity of the project to achieve its objectives and targets as defined in the approved application form, also in light of possible external factors. In project reviews the LP should ensure a close engagement of all project partners in order to discuss the planning of upcoming activities as well as to identify any deviations and modifications.



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4. COMMUNICATION

4.1. Introduction on project and Programme communication

Project communication contributes to the Programme approach for the communication and visibility that in the 2021-2027 period is the integral part of the approved Programme²¹. In particular, project communication has to aim at making the stakeholder in the Programme area aware of the project results and achievements and has become one of the key elements to ensure durability and transferability of outputs and results. Interreg Programmes have demonstrated that the achievement of good results may go far beyond the indicators established in the Programmes and imply impacts which are meaningful for citizens' life but difficult to measure, such as building trust across borders. The success of project communication depends on establishing and developing continuous relations with the key target groups and general public throughout and even beyond the project lifetime. The success of Programme communication depends on good project results and good cooperation between the project partners and the Programme Authorities. Therefore, it is necessary that the projects ensure constant and regular contact with MA/JS. The MA/JS will provide communication trainings, templates and technical tools to projects as support for project communication. In return, the MA/JS expects the projects to deliver content for communication activities at the Programme level, e.g. content for the Programme website, recommendations for interviews to partners, high quality photos with public copyright license, information about upcoming key events or contributions to events, or online and print publications.

APPLICATION PHASE: COMMUNICATION IN PROJECTS

Targeted communication will help projects to achieve aims and ensure transparency in the use of the EU funds. Communication activities are an important and integral part of project implementation, and thus require detailed planning as well as adequate allocation of resources. Communication is a transversal project task and implies the engagement of all project partners. The quality of project communication results comes from a committed work of all partners and not only the Lead Partner or the partner responsible for communication activities. Furthermore, a good internal communication management

²¹ Interreg Italy-Croatia Programme (chapter 5).



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within the partnership is a key for the successful external communication of the project. Thus, it is required that each project partner appoints one person responsible for communication. The Lead Partner must make sure that at the project level is appointed the project Communication Manager responsible for planning and coordination of communication measures for the whole project.

⚠ POINT OF ATTENTION:

The Programme strongly suggests that the appointed communication manager is experienced in the community facilitation, digital tools and channels, content preparation, event organization and has a good level both of written and spoken English language.

IMPLEMENTATION PHASE: PROJECT COMMUNICATION APPROACH

The Application Form in this Programming period doesn't foresee a dedicated work package (WP) for communication. Nevertheless, the communication activities must be foreseen and budgeted.

The budget is ineligible for the following activities:

- creation of a project logo;
- the development, hosting and maintenance of a project website/platform or app for communication and dissemination of the project activities.

The Programme will provide for each of the approved project the project communication kit (including at least the logo in different versions, templates for poster and billboard/permanent plaque where relevant) and the project website (CMS).

All partners need to foresee the necessary human resources internally or externally to develop and deliver the communication activities, as well as any other costs arising from implementation of the communication activities (i.e. managing and feeding the project website with relevant content, social digital channels, internal communication tools, acquisition of the licences for the content production such as i.e. photos for the website, infographics in pro version, data tools for the website embedding, printing the material, services for events organization, advertising services acquisition, gadgets etc.). Financial and



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human resources must be allocated to ensure the project participation in external events (other than the Programme events and seminars/trainings) when justified and useful for the project scope. Each project should allocate resources for its own communication activities and in order to establish a regular work relationship with the Programme. The partnership should assign communication responsibilities to a single Partner, whereas a contact person should be designated to act as liaison with the Programme. When developing the budget for communication, partners should respect the value for money principle. This means that all activities proposed need to be in direct link with one of the communication objectives and the specific target groups. Communication related costs should be reasonable and fully in line with the objectives and deliverables. Projects are invited not to underestimate the communication costs.

4.2. Project branding, information and visibility rules

All projects need to observe a series of compulsory publicity and communication rules laid down in the EU Regulations²² and this Programme Implementation Manual.

Specific national rules may apply but these must not, under any circumstances, prevail or appear to be in contradiction with the provisions indicated in the above mentioned documents.

The project partners are obliged to communicate and to inform the stakeholders and direct/indirect beneficiaries of the operation financed about the support received from the European Union. EU and project branding illustrative elements (that will contain the Programme elements) have to be clearly and visibly displayed “on documents and communication material relating to the implementation of the Interreg operation attended for the general public and participants” (art. 50 of CPR).

Obligations stand for (non-exhaustive list):

- printed publications: reports, promotional handouts;
- audio-visual: videos, audio podcasts, channels;
- digital or electronic materials (websites, web tools, videos, infographics, etc.);

²² [Regulation \(EU\) 2021/1060](#) of the European Union and of the Council of 24 June 2021, articles 47 and 50
[Regulation \(EU\) 2021/1059](#) of the European Parliament and of the Council of 24 June 2021, Article 36



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- events (e.g. on presentations, agendas, bags and other material/gadgets);
- Stationery and office materials;
- Equipment (computers, photo cameras, TV screens etc.).

EU ILLUSTRATIVE ELEMENTS

Projects financed by the Programme must use the following illustrative elements on all documents and materials as indicated in EU Regulations:²³

- The European Union emblem²⁴
- The statement ‘Funded by the European Union’ or ‘Co-funded by the European Union’ written in full and placed next to the emblem.
- The term “Interreg” used next to the emblem of the Union Project logo

Interact Programme, in collaboration with the European Commission, designed a logo template for all Interreg Programmes and projects in strict compliance with the aforementioned EU regulations. The project logo therefore includes the following elements:

- The European Union emblem;
- The statement “Co-funded by the European Union”;
- The Interreg logo;
- The Programme name (“Italy-Croatia”);
- The project acronym.

In order to ensure that project partners comply with the EU communication and visibility rules, and to prevent risk of ineligibility of costs, a tailor-made communication package will be delivered to each approved project containing project logo in JPG and EPS files in different version (transparent, CMYK, black-white, grey scale, negative etc.). In addition, the Programme will design as well as a brand book

²³ Article 47 of the Regulation (EU) 2021/1060 and Article 36 of the Regulation (EU) 2021/1059

²⁴ In accordance with Annex IX of the Regulation (EU) 2021/1060



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explaining the rules of logo use and correct application. All Interreg Italy-Croatia projects must use the logo provided by the Programme and use it in accordance with the brand book. Beneficiaries are advised to carefully follow branding rules in order to minimise the risk of ineligible costs related to non-compliance to Programme branding rules.

However, as with logos above, specific websites can still be introduced by projects as an output of the communication for specific services and products (label or brand) that are connected to thematic activities and expected to sustain the activities beyond the project duration that deserve a specific dedicated platform different than the project web-site. These productions should be properly motivated with indications on how the sustainability is planned during and after the project end, explaining the reasons why the activity can't be implemented by the means of the project website. Eventual proposals shall be expressly accepted by the JS. Please be aware that i.e. specific branded awareness campaigns and events web pages, online tools for specific visualisations of data and other types of content may be developed and have to be displayed on the project websites by the means of links and iframe embedding.

PROJECT ACRONYM

The project is identified on the Monitoring System Jems by the means of an acronym. It is strongly recommended that this acronym does not exceed 12 characters since an excessively long acronym will complicate the project logo production. The definition of project acronym should follow a few guidelines:

- Be short and easy to remember;
- The acronyms of previous projects shouldn't be repeated in order to prevent any confusion or mistakes with past projects;
- Be intuitive, meaning that it must correctly identify the project mission and vision;
- Be easy to pronounce and likely to attract the attention. For this reason, technical information should be avoided, including Programme specific terminology, reference at Italy-Croatia Programme (already included in the logo) or to Adriatic Sea for example.



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POSTER

Each partner of an Interreg operation must place a poster of a minimum A3 size or equivalent electronic display with information about the project including the financial support from the Union and the project logo at a location clearly visible to the public, such as an entrance area of a building. In order to help project partners to comply with this obligation, the Programme will provide a Poster template available for download on the Programme website. All project LPs should collect from all the project partners a photographic evidence of this poster display and send it together with the first activity report.

BILLBOARDS AND PLAQUES

In the case of an Interreg operation exceeding 100.000,00 euros and involving physical investment or the purchase of equipment, the display of durable plaques or billboards clearly visible to the public, presenting the project logo is mandatory for each partner claiming investment/equipment costs. The plaque or billboard must be placed as soon as the physical implementation of the operation starts, is purchased, or the equipment installed. The Programme shall provide the template for the aforementioned items.

PROJECT WEBSITE

The Programme provides and hosts a complete ready-to-use website to each approved project (please see the related chapter). Project websites must be updated on a regular basis and provide a short description of the project in English including its aim and results and highlighting the financial support from the Union. Concerning project website, only costs related to staff (for regular content updates) should be budgeted. In case the project develops a specific web tool, a link to the project website must be placed in a clearly visible place and the update of the latter must not be overlooked.

PARTNER INSTITUTIONAL WEBSITE

All project partners must publish on their official institutional websites (“where such website exists”) and social media channels the project logo in a visible place, highlight the financial support from the Union with a short description of the project proportionate to the level of support, including its aims and results. A link to the project website in the Italy-Croatia CBC Programme platform should also be added.



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EVENTS

The project logo shall be used on agendas, list of participants, event-related publications, promotional materials and presentations. During the events, projects are encouraged to place the project poster or a project banner in a readily visible place (e.g. the front of the meeting room). All projects should foresee enough budget for the organization of at least two high-level dissemination events (i.e. mid-term event to showcase the achievements and the project progress in reaching the milestones, while the final event will be the moment to showcase the overall accomplishments during its life time) able to reach wide public in terms of the number of audience and in terms of the audience composition (ensuring the involvement of different types of territorial and European actors). All projects should foresee enough budget for ensuring the active participation in organizing the joint events with the Programme and with the EU organizations, as well as for the participation to the Programme seminars/workshops/infodays (at least for the LPs and the members of the PMU).

In addition, the Operations of Strategic Importance and operations whose total cost exceeds EUR 5.000.000,00 must organize a communication event involving the Commission and the Managing Authority in a timely manner²⁵.

PUBLICATIONS

All project publications, including brochures, newsletters, studies, articles and others must include the project logo. When this is not possible, for example, in scientific articles, conference proceedings or other publications, projects should explicitly mention the “contribution from the EU co-financing and the Interreg Italy-Croatia Programme”. In addition, projects are strongly recommended to publish in the appropriate section of the Project website the most essential results (or a summary of them) in the official language of the Programme – English - in addition to the other languages and in the format and language easy to understand and to disseminate.

²⁵ Interreg Regulation art.36 (4)



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PROMOTIONAL ITEMS

Promotional items can be a good way to raise awareness about a project and enhance the recognition of the overall Interreg brand. However, they should be produced only if they meet strategic objectives and are linked to a promotion strategy. Please take notice of some parameters to take into account when producing goodies:

- is it relevant for the promotion of my project?
- Is it easy to distribute?
- is it useful, creative and memorable enough?
- is it green? It is strongly recommended to adopt a "green approach" for the promotional gadgets and think about the environmental perspective (avoid plastic).

Again the golden rule: all promotional gadgets should be branded with the project logo and the reference to the EU co-financing.

SOCIAL MEDIA

Social media, if properly managed, may be very useful to reach a wide range of target audiences. This communication medium is however very diverse – channels have different rules, language and approach. All social media channels need regular feeds which can also be time consuming, as well as the community raising around the new social channel that has limited life-time. The Programme encourages its projects to develop an online presence through some of the social media channels whenever this fits with their communication objectives and is in line with the specificities of their target audiences.

Social media has the advantage of being a two way communication channel, meaning that projects can also get useful feedback from their target groups. The messages posted should therefore reflect the needs of the project and the timing of project delivery. Although social media is in theory free of cost, projects that aim to reach their target groups via these channels should foresee the necessary time and resources to prepare quality content for their social media channels able to inform, stimulate curiosity of their stakeholders, engage them in the project activities and teach them about new project developments and



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solutions. Thus the projects are encouraged to analyse and map the stakeholders' social media presence in order to choose the most relevant channel.

Please note: It is strongly recommended to produce relevant communication products such as short video-pills, infographics and other visual contents that can be shared on partner social media as well as on other digital channels of the project, the Programme and other relevant stakeholders.

4.3. Project communication strategy

The projects funded by Interreg Italy-Croatia Programme contribute to the achievement of the Programme objectives and horizontal principles by answering their stakeholders' and target groups' needs as described in the Programme's intervention logic. Communication is present in all sections of the project work plan in the application form (AF) with the following logic:

- Where the communication supports the achievement of a specific objective of the project (i.e. by informing or engaging with the TAs), then activities are listed in the work packages. In each work package, applicants choose to include zero, one or more communication objectives. Every project must have at least one communication objective. Communication objectives aim at changes in a target audience's behaviour, knowledge or belief.
- Where communication supports the partnership coordination (i.e. for facilitating the communication flow, reaching a common understanding, knowledge raising etc.), then activities are described in the project management section.
- If communication supports the transfer of project results to target audiences by the whole partnership, then activities are described in the project.

The above mentioned elements should be put prepared as a plan in order to facilitate the organisation of the communication activities. This plan is the communication strategy of the project.

The communication strategy should be drafted at the very beginning of the project implementation and approved by the project steering committee. The strategy should be drafted as a short document that



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clearly states all the project partners’ tasks in the implementation of communication activities, including a short description of all communication activities, the timeframe and budget allocation.

The communication strategy should support project management and thus be linked to the specific objectives of the project. For each objective, one or two communication objectives should be defined, which are relevant in relation to their target groups. Approaches refer to the different types of interaction between communication players (all project partners) and the audience. The same approach might be relevant for several objectives, while one objective could also be reached through the implementation of several approaches. The concrete implementation of an approach is an activity. The activities are described in the application form and illustrated by deliverables.

⚠ POINT OF ATTENTION

STANDARD PROJECTS AND OSI

Should prepare and implement a project Communication Strategy.

SMALL-SCALE PROJECTS

Having small-size budget and restricted timeline the small-scale projects are requested to define and deliver the Editorial plan (guiding template is provided by Programme) instead of Communication Strategy.

Possible communication activities and deliverables

The communication activities will be included into the different work packages, there is no work package dedicated to communication.

Table 7: Communication activities and deliverables

Type of activity	Example of deliverables
Event organization	Follow-up report Training methodology Satisfaction survey and report Website and social media analytics Presentation material Video production (interviews, podcasts, video clips etc)
Knowledge transfer	E-learning course



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	<ul style="list-style-type: none"> Training course material Video course Stakeholders and beneficiaries database (in Open Data format)
Information provision	<ul style="list-style-type: none"> Newsletter Communication campaign Book Brochure Interactive digital infographics (on web/social media)
Networking	<ul style="list-style-type: none"> Agreement Memorandum of Understanding Protocol
Thematic community setting up	<ul style="list-style-type: none"> Survey/ questionnaire/ collecting information tool E-learning course Training course material Training report Training methodology Thematic data collection and production of interactive report Good practices collection and production of interactive report Stakeholders and beneficiaries database (in Open Data format) Management and facilitation of digital tool

Monitoring and evaluation of communication activities

The communication system should be tested periodically to ensure that messages are received and understood and the receivers are satisfied with the method deployed. The monitoring and evaluation of communication actions can increase their effectiveness, awareness and knowledge raising.

Common indicators enable to improve the quality of the actions carried out, enhancing the comparability of data and thus laying the basis for future benchmarking. The Programme may decide to adopt common indicators for communication activities and ask the projects to provide their contribution.

Monitoring is a continuous and systematic process of data collection and helps to verify the achievement of intermediate objectives in order to improve communication actions during the project life-cycle. These activities also allow to increase the transparency of communication actions through a clear and consistent measurement of their impact and effectiveness.



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5. FINANCIAL MANAGEMENT

5.1. General eligibility requirements

Expenditures have to fulfil all the following **general eligibility criteria**:

- Expenditures are related to the preparation and implementation of the project as approved by the Monitoring Committee, are essential for the achievement of the agreed project activities and would not be incurred if the project is not carried out;
- Expenditures are incurred and paid by the beneficiaries indicated in the AF during the eligibility period of the project;
- Expenditure must comply with the principle of sound financial management (economy, efficiency and effectiveness);
- Expenditure must comply with the principle of real costs, with the exception of the costs calculated as Simplified costs options (SCOs);
- Double-funding is excluded;
- Expenditures are supported by invoices or other documents with probative value directly attributable to a certain beneficiary (with the exception of the costs calculated as flat rates and lump sums);
- Expenditures are registered in the beneficiary's accounts through a separate accounting system or an adequate accounting code set in place specifically for the project (with the exception of costs calculated on the basis of flat rates or lump sums);
- Expenditures are not in contradiction with any specific eligibility criterion applicable to the respective cost category;
- Expenditure is in line with the eligibility rules and, where applicable, relevant procurement rules have been respected;
- An authorised Controller has validated the expenditure (applying risk-based management verifications).



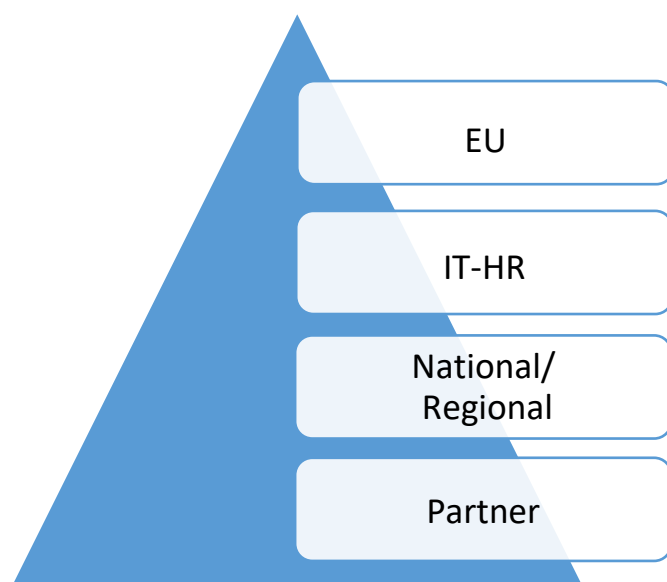
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5.2. Hierarchy of rules regarding the eligibility of expenditures

The hierarchy of rules applicable to Interreg Italy-Croatia projects in relation to the eligibility of expenditures is the following:

- European level - EU regulations
- Programme level - specific rules decided for IT-HR Programme
- National/regional level rules applicable in each Member State
- Partner institutional level - internal rules applicable to each partner organisation

Image 6: Hierarchy of eligibility rules



This means that partners should first consider EU regulations when incurring expenditure. Where EU rules do not stipulate provisions, Programme rules apply. If neither the EU nor the Programme has a set rule, then national/regional legislation applies. Finally, the partner's internal rules should be followed, if specific issues have not been covered by previous levels.



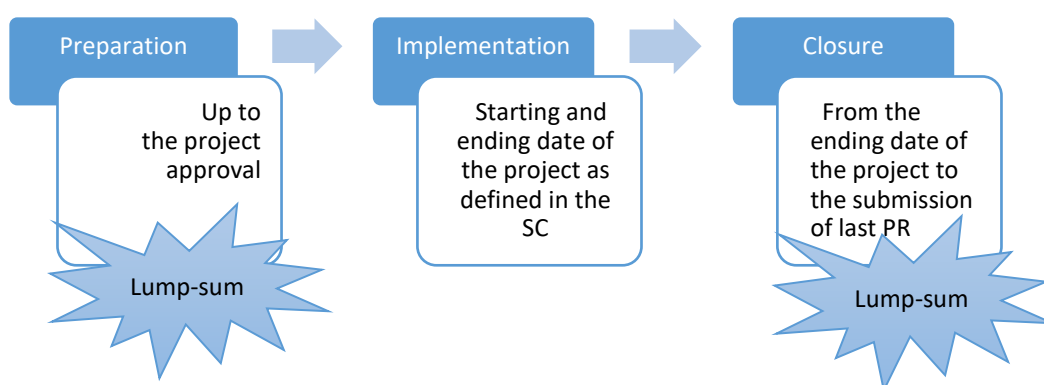
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5.3. Time-wise eligibility of expenditure

Expenditure is eligible if it has been incurred by the beneficiary and paid between the **1st of January 2021** and the **31st of December 2029**.

Expenditure shall incur in the eligible period in line with the phases of preparation, implementation and closure of the project:

Image 7: Eligibility of expenditure in time

**Project preparation**

The Project preparation phase comprises all activities related to the elaboration and submission of the Application Form and it ends with the approval of the project including the contracting phase. Preparation costs are reimbursed through a lump sum.

Project implementation

Costs for the implementation of an approved project are eligible from its start date until its end date as stipulated in the Subsidy contract (SC).



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Project closure

Closure costs of a project refer to activities related to the preparation and submission of the last progress report including the control of expenditure of the last reporting period.

The cost of closure activities are reimbursed through a lump sum.

In addition to the closure lump-sum, partners are entitled to report during the closure process the following costs:

- Project implementation costs (other than staff costs): for expenditures incurred for the last project period activities (activities that are concluded within project end date and regularly reported in the project final report), invoices shall be issued and paid within 60 days after the project end date at the latest;
- Project implementation staff costs (including social charges) which are incurred before the end date of the project and paid no later than 60 days after the project end date;
- Control costs related to the certification of the last progress report expenditures, where applicable (in case of external controllers of Italian partners).

5.4. Non-eligible expenditure

The following costs are not eligible (not exhaustive list):

- Interest on debts;
- Purchase of land for an amount exceeding 10% of the total eligible expenditure for the project concerned. For derelict sites and for those formerly in industrial use which comprise buildings, that limit shall be increased to 15%;
- Fines, financial penalties and expenditure on legal disputes and litigation;
- Costs of gifts;
- Costs related to fluctuation of foreign exchange rate;



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- In-kind contributions (including unpaid voluntary work);
- Splitting cost items among project partners (i.e. sharing of common costs);
- Discounts not considered when claiming the costs (only the discounted amount is to be regarded as eligible);
- Fees between beneficiaries of a same project for services, equipment, infrastructure and works carried out within the project.

Furthermore, the Programme will not support activities excluded from the ERDF scope²⁶ such as the decommissioning or the construction of nuclear power stations.

⚠ POINT OF ATTENTION

In case of projects having a total cost below EUR 5.000.000 (including VAT), VAT is eligible.

5.5. Simplified Cost Options (SCOs)

The Programme makes extensive use of Simplified Cost Options (SCOs) and encourages beneficiaries to apply this option as much as possible in the view of reducing administrative burden and possible source of errors. SCOs can take the form of Lump sum, flat rates or unit costs and imply approximations of costs that can, by definition, overcompensate or undercompensate the costs incurred by the supported operation. The aim is to shift the focus more on outputs rather than on inputs of the project, in particular from the management verifications' point of view and to introduce a significant simplification. In particular, by applying SCOs project partners should take into consideration that:

- They do not need to provide justification of expenditure and to document that the expenditure has been incurred, or that the lump sum, or flat rates correspond to reality;

²⁶ See article 7 of Regulation (EU) 2021/1058 – ERDF.



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- Flat rates are calculated on real cost expenditure (budgeted in the application form or reported in the progress report) in Jems;
- Corrections of reported real cost expenditure will result in a corresponding correction of the flat rate;
- The focus of controls is on the correct reporting of real costs and on verifying that no expenditure related to the flat rates or lump sum is included in any other budget line.

The list of SCOs available to beneficiaries is as follows:

- ✓ Lump Sum for Preparation costs (17.000,00€ ERDF + co-financing per Standard project or 2.300,00€ ERDF + co-financing per Small-scale project);
- ✓ Lump Sum for Closure costs (2.000,00 € ERDF + co-financing per partner of a Standard or Small-scale project);
- ✓ 20% Flat for Staff costs (Flat rate of 20% of eligible direct costs other than staff costs);
- ✓ 15% Flat for Office and administration costs (Flat rate of 15% of eligible direct staff costs);
- ✓ 15% Flat for Travel and accommodation costs (Flat rate of 15% of eligible direct staff costs);
- ✓ 40% Flat for all costs excluding Staff (Flat rate of 40% of eligible direct staff costs).

Table 8: Lump sums overview

Lump-sum	Type of Project	Amount (€)	Notes
Preparation costs	Standard projects	17.000,00€	(ERDF + co-financing) <u>per project</u>
	Small-scale projects	2.300,00€	(ERDF + co-financing) <u>per project</u>
Closure costs	Standard or Small-scale projects	2.000,00€	(ERDF + co-financing) <u>per partner</u>



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Specifications concerning SCOs and in particular Lump sums for Operation of Strategic Importance (OSI) will be available at a later stage.

The table below provides an overview of applicable combinations of different SCOs by each project.

Table 9: overview of SCOs

Cost categories	Option n.1	Option n.2	Option n.3
Staff costs	REAL costs (Part time with fixed percentage method or Full-time)	20% Flat on other direct costs	REAL costs (Part time with fixed percentage method or Full-time)
Office and administrative costs	40% Flat on Staff costs	15% Flat on Staff costs	15% Flat on Staff costs
Travel and accommodation costs		15% Flat on Staff costs	15% Flat on Staff costs
External expertise and services costs		REAL costs	REAL costs
Equipment costs*		REAL costs	REAL costs
Infrastructure and works*		REAL costs	REAL costs

* This cost category is available only for Standard projects.

⚠ POINT OF ATTENTION

Flat 20% Staff should not include as direct costs (other than Staff) public contracts exceeding the following thresholds²⁷:

- a) EUR 5.186.000,00 for public works contracts;
- b) EUR 134.000,00 for public supply and service contracts awarded by central government authorities and design contests organised by such authorities;
- c) EUR 207.000,00 for public supply and service contracts awarded by sub-central contracting authorities and design contests organised by such authorities;
- d) EUR 750.000,00 for public service contracts for social and other specific services.

²⁷ See article 4 of Directive 2014/24/EU.



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5.6. Specific cost category provisions

The Programme applies six different cost categories in line with the Interreg regulatory framework:

1. Staff costs
2. Office and administrative costs
3. Travel and accommodation costs
4. External expertise and services costs
5. Equipment costs
6. Costs for infrastructure and works

5.6.1. Staff costs

Staff costs consist of gross employment costs of staff employed by the beneficiary implementing the project. Staff can either be already employed by the beneficiary or contracted specifically for the project.

Staff costs may be reimbursed in one of the following form:

1. as Real costs where the beneficiary must document that expenditure has been incurred and paid out (proven by the employment document and payslips);
2. as a Flat rate equal to 20% of direct costs other than staff costs (external expertise and services, equipment, infrastructure and works) with no need to document that the expenditure has been incurred and paid out.

Each beneficiary must choose one of the above reimbursement options already in the project preparation phase when drafting the Application form. The same reimbursement option will apply to all staff members of the beneficiary working in this project and it will be set for the entire project duration. During project implementation, it is not possible to change the chosen option.

REAL COST



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Option n.1 and n.3 Staff costs reimbursed on a real basis:

Staff costs consist of gross employment costs of staff employed by the beneficiary implementing the project in one of the following ways:

1a) full time;

1b) part-time with a fixed percentage of time worked per month;

Staff costs shall be limited to the following:

(i) salary payments related to the activities which the entity would not carry out if the operation concerned was not undertaken, provided for in an employment document, either in the form of an employment or work contract or an appointment decision, or by law, and relating to responsibilities specified in the job description of the staff member concerned;

(ii) any other costs directly linked to salary payments incurred and paid by the employer, such as employment taxes and social security including pensions as covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council, on condition that they are:

- provided for in an employment document or by law;
- in accordance with the legislation referred to in the employment document and with standard practices in the country or the organisation where the individual staff member is actually working, or both; and
- not recoverable by the employer.

Payments to natural persons working for the beneficiary under a contract other than an employment or work contract may be assimilated to salary payments and such a contract shall be considered an employment document.



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⚠ POINT OF ATTENTION

Overtime is eligible, provided it is in line with the national legislation and the employment policy of the partner organisation, and it is actually paid to the staff member (it can be foreseen for full-time employees on the project).

Benefits linked to salary payments are eligible if they are in line with the employment policy of the partner organisation (e.g., lunch vouchers, bonus payments).

Holidays resulting from the employer's normal obligations are eligible (they form part of the gross employment cost).

Overheads and any other office and administrative costs, daily allowances and any other travel and accommodation costs cannot be included under this cost category.

Unpaid voluntary work (i.e. contribution in kind) is not eligible.

Costs of staff are eligible if no other EU funds have contributed towards financing of the same expenditure item (i.e.: no double financing is permissible according to Article 63(9) CPR).

The following types of working/employment contracts are eligible under this cost category:²⁸

A) Italy

- Permanent staff (“Personale a tempo indeterminato”);
- Temporary staff (“Personale a tempo determinato”);
- Collaborators, term-contract workers;
- Scholarships, PhD Scholarship, Research allowances/grants.

The above-mentioned list may be subject to updates and revisions upon adoption of specifications at National level.

B) Croatia

²⁸ NOTE: This information should be revised once the NATIONAL RULES for verification are established.



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- Work/Employment Contract (both permanent and temporary) signed both by the legal representative of the employer and the employee;
- Appointment decision, including temporary appointments (for civil servants) issued by the legal representative of the employer's institution which complies with the national legislation.

Other types of working/employment contracts such as “employees hired by a temporary work agency” (Lavoro da Agenzia interinale), in Italy, and/or Service/fee based contract (“Ugovor o djelu”), in Croatia, are not eligible under Staff cost category and may be eligible under External expertise and services.

1a - Calculation of costs for staff working full-time in the project:

For individuals employed by the beneficiary to work full-time on the project, the total gross employment costs incurred by the employer are eligible.

The fact that the individual works full-time on the project has to be clearly stated in the employment document itself or, if not mentioned, in a specific assignment document issued for the project.

1b - Calculation of costs for staff working part-time in the project with a fixed percentage of time worked per month:

For individuals employed by the beneficiary and assigned to work part of their time on the project, eligible costs shall be calculated as a fixed percentage of working time spent by an employee on the project per month.

This percentage is set out in the employment document or, if not mentioned already there, in a specific assignment document issued for the project which is reflecting the employee's related functions, responsibilities and tasks to be performed in the project and shall be individually fixed for each employee.

The fixed percentage of the gross employment cost is eligible. The percentage has to be established at the beginning of the project and should in principle remain the same for the whole project implementation. However, in case of changes of tasks/responsibilities/functions of the employee, this percentage can be revised and the employer will have to change the assignment document accordingly in



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order to reflect the incurred changes. It is strongly advised to keep fixed percentage unchanged within the same reporting period to allow smooth implementation and audit trail.

The reimbursement of staff costs shall be calculated by applying the percentage indicated in the employment document (/in the assignment document) to the monthly gross employment cost.

EXAMPLE 1a - Staff working full time on the project

Total monthly salary costs (gross salary and employer's social charges) = €3.000,00
Percentage of time worked monthly on the project = 100%
Eligible costs = €3.000,00 * 100% = €3.000,00

EXAMPLE 1b - Staff working on a fixed % on the project

Total monthly salary costs (gross salary and employer's social charges) = €3.000,00
Fixed percentage of time worked monthly on the project = 60%
Eligible costs = €3.000,00 * 60% = €1.800

Supporting documents for the audit trail:

- Employment document setting out the % of time worked on the project (Full-time or fixed percentage) and job description;
- Assignment document (only in case that the % of time spent on the project and job description is not already clearly indicated in the employment document);
- Payslips, and
- Other documents of equivalent probative value which allow proof of payment of gross employment costs (e.g. an extract from a reliable accounting system of the beneficiary, confirmation of tax authority, bank statement).

It is expected that basic information on the project such as project name, acronym, partner name and name of the employee are included in the employment document (or in the assignment document).



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Option n.1 and n.3 (1a or 1b) does not require establishing a separate working time registration system (i.e.: timesheets are not requested).

20% FLAT

Option n.2 - Staff costs reimbursed as a 20% Flat of direct costs other than direct staff costs

The beneficiary may opt to get the reimbursement of staff costs as 20% Flat of the beneficiary's direct costs incurred in a financial reporting period, staff excluded. All eligible costs incurred by the beneficiary and validated by the national controller under the following cost categories are to be regarded as direct costs for the purpose of calculating the flat rate:

- External expertise and services costs;
- Equipment expenditure;*
- Costs for infrastructure and works*.

**Not applicable for Small-scale projects.*

Given that Office and administrative costs and travel and accommodation costs under Option n.2 will be reimbursed as flat rates of staff costs they do not form the basis for the calculation of the 20% flat (due to the need to avoid circular reference).

Direct costs that form the basis for the staff costs calculation must be incurred and paid by the partner institution as real costs and must not include any indirect costs. If direct costs used as calculation basis for determining staff costs are found to be ineligible, the determined costs for staff must be re-calculated and reduced accordingly.



EXAMPLE 2 – 20% Flat of direct costs other than staff

Validated direct costs in the Reporting period:
30.000,00€ under External expertise and services
+ 10.000,00€ under Equipment
+ 20.000,00€ under Infrastructure & works
= 60.000,00€ of tot direct costs other than staff
60.000,00€ * 20% = 12.000,00€ of Staff costs to be reported in the reporting period.

Supporting documents for the audit trail:

- Only a Self-declaration certifying that employee(s) of the beneficiary institution has/have worked in the project. Self-declaration is provided only at the beginning (1st reporting period). Please note that self-declaration may be requested by programme bodies also in later stages of implementation.

Option n.2 does not require to document that the expenditure for staff costs has been incurred and paid or to determine the applicable rate. Therefore no documentation on staff costs needs to be provided to the controller. The documentation of real costs will be requested for other cost categories used as a basis for the flat rate calculation.

5.6.2. Office and administrative costs

The Programme reimburses office and administrative costs through a flat rate of **15% of eligible direct staff costs** or **as part of the 40% flat on eligible direct staff costs**.

15% FLAT



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Costs under this category include operating and administrative expenses of the day-to day operations incurred by the beneficiary and necessary for the implementation of the project and shall be limited the following elements (exhaustive list):

- (a) office rent;
- (b) insurance and taxes related to the buildings where the staff is located and to the equipment of the office (such as fire or theft insurance);
- (c) utilities (such as electricity, heating, water);
- (d) office supplies;
- (e) accounting;
- (f) archives;
- (g) maintenance, cleaning and repairs;
- (h) security;
- (i) IT systems;
- (j) communication (such as telephone, fax, internet, postal services, business cards);
- (k) bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened; and
- (l) charges for transnational financial transactions.

The above list is exhaustive and all listed items are to be considered as covered by the flat rate and cannot be reported under any other cost category.

EXAMPLE on 15% flat on direct staff costs

Eligible reported Staff costs = 36.000, 00€
Flat rate for Office & administrative costs = 15%
Eligible reported Office & administrative costs =
 $36.000,00 \text{ €} * 15\% = 5.400,00 \text{ €}$



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Part of 40% FLAT

In case the beneficiary selected the 40% flat rate for the calculation of eligible direct costs other than direct staff costs, office and administrative costs are included as part of the remaining eligible costs of an operation in the 40% flat. If the 40% flat rate is used, there will be only two cost categories in the project: 1) Staff costs and 2) The remaining eligible costs covering costs for office and administrative expenditure, travel and accommodation, external expertise and services, equipment, infrastructure and works.

Supporting documents for the audit trail:

Beneficiaries are not requested to document that expenditure for office and administrative costs have been incurred and paid nor to justify the applicable rate chosen. Therefore, no documentation on office and administrative costs needs to be provided to the controller.

In case direct staff costs used as a basis for determining office and administrative expenditure are found to be ineligible, the amount of office and administrative expenditure must be recalculated and reduced accordingly.

The documentation of real costs will be requested for other cost categories used as a basis for the flat rate calculation (Staff costs).

Verification against double-financing are requested (e.g., checking that other cost categories do not include costs covered under the 15% or 40% flat option).

5.6.3. Travel and accommodation costs

Travel and accommodation costs refer to the expenditure on travel and accommodation of the staff of the beneficiary for missions necessary for the project implementation.

The Programme reimburses travel and accommodation costs through a flat rate of **15% of eligible direct staff costs** or **as part of the 40% flat on eligible direct staff costs**.

15% FLAT



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Travel and accommodation costs, regardless whether such costs are incurred and paid inside or outside the Programme area, shall be limited to the following cost elements:

- (a) travel costs (such as tickets, travel and car insurance, fuel, car mileage, toll, and parking fees);
- (b) the cost of meals;
- (c) accommodation costs;
- (d) visa costs; and
- (e) daily allowances (per diems).

Any cost element listed in points (a) to (d) covered by a daily allowance shall not be reimbursed in addition to the daily allowance (per diems).

The above list is exhaustive and all listed items are to be considered as covered by the flat rate and cannot be reported under any other cost category.

EXAMPLE on 15% flat on direct staff costs

Eligible reported Staff costs = 40.000, 00€
Flat rate for Travel & accommodation costs = 15%
Eligible reported Travel & accommodation costs = 40.000,00 € * 15% = 6.000,00 €

Part of 40% FLAT



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In case the beneficiary selected the **40% flat rate** for the calculation of eligible direct costs other than direct staff costs, the 40% Flat also covers travel and accommodation costs. If the 40% flat rate is used, there will be only 2 cost categories in the project: 1) Staff costs and 2) The remaining eligible costs covering costs for office and administrative expenditure, travel and accommodation, external expertise and services, equipment, infrastructure and works.

Supporting documents for the audit trail:

Beneficiaries are not requested to document that expenditure for travel and accommodation costs have been incurred and paid nor to justify the applicable rate chosen. Therefore, no documentation on travel and accommodation costs needs to be provided to the controller.

The documentation of real costs will be requested for other cost categories used as a basis for the flat rate calculation (Staff costs).

Verification against double-financing are requested (e.g., checking that other cost categories do not include costs covered under the 15% or 40% flat option).

In case direct staff costs used as a basis for determining travel and accommodation costs are found to be ineligible, the amount of travel and accommodation costs must be recalculated and reduced accordingly.

⚠ POINT OF ATTENTION

Daily allowances must be in line with the national legislation or internal rules of the partner's organisation.

5.6.4. External expertise and services costs

External expertise and service costs shall be limited to the following services and expertise provided by a public or private body or a natural person, other than the beneficiary, and all partners of the operation:

- (a) studies or surveys (such as evaluations, strategies, concept notes, design plans, handbooks);
- (b) training;



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- (c) translations;
- (d) development, modifications and updates to IT systems and website;
- (e) promotion, communication, publicity, promotional items and activities or information linked to an operation or to a Programme as such;
- (f) financial management;
- (g) services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- (h) participation in events (such as registration fees);
- (i) legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- (j) intellectual property rights;
- (k) verifications (carried out by national controllers of the project);
- (l) the provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the monitoring committee;
- (m) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- (n) other specific expertise and services needed for operations.

This list is exhaustive. Cost items accounted under the external expertise and services cost category cannot be reimbursed under any other cost category.

The Programme reimburses costs under this category on a **real cost basis** or as **part of 40% flat rate on direct staff costs**.

REAL COST

In addition to the general eligibility requirements, the following applies:



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- External expertise and services must be clearly and strictly linked to the project and be essential for its effective implementation;
- Eligibility of costs for external expertise and services is subject to the full respect of EU, national and Programme procurement rules;
- Where applicable, deliverables produced by experts or service providers must respect the relevant branding requirements;
- External expertise and services have to be duly foreseen in the Application Form (description is visible in work packages and/or budget) in order to be considered as eligible and the respective budget allocated to the Project Partner (changes are possible in line with project modification rules);
- Complementary activities to events (e.g. site visits) must have clear and demonstrable project relevance, otherwise costs linked to them are not eligible;
- Travel and accommodation costs of external speakers and external participants in project meetings and events or related to the staff of associated partners must be incurred and paid by project partners and have to be accounted under this cost category. Such costs must comply with applicable national and institutional rules about travel and accommodation;
- Alcohol may be eligible given that it's part of a meal and provided that it is in line with relevant national and institutional rules of the project partner;
- Sub-contracting between partners of the same project is not allowed;
- All costs of external expertise and services which are not part of an infrastructure contract (e.g., feasibility studies, environmental impact assessments, building permissions, etc.) but which are linked to the realisation of an infrastructure should be included in this cost category.

Supporting documents for the audit trail:

The following documents should be provided to the controllers:



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- Evidence of the selection procedure (if applicable), in line with EU, national or Programme procurement rules, depending on the amount contracted and the type of beneficiary;
- Contract/order (if applicable) form laying down the services to be provided, with clear reference to the operation and the Programme. For experts paid on the basis of a daily fee, such a fee together with the number of days contracted and the total amount of the contract must be provided. Any changes to the contract must comply with the applicable procurement rules and must be documented;
- An invoice or a request for reimbursement providing all relevant information in line with the applicable accountancy rules, as well as references to the operation and the Programme and a detailed description of the services provided in line with the contents of the contract. For experts paid on the basis of a daily/hourly fee, the invoice must include a clear quantification of the days/hours charged, price per unit and total price;
- Deliverables produced (e.g. studies, promotional materials) or, where applicable, documentation of the delivery (e.g. in case of events: agenda, list of participants, photo-documentation, etc.);
- In case of travel and accommodation costs of external experts and associated partners, Invoices or documents of equivalent probative value (hotel invoices, bus/train/plane tickets, etc.) including proof of payments (e.g. bank statements) and proof of reimbursement (in case the expenses were pre-financed). The documented evidence of their participation (such as signed list of participants) should also be provided in line with what obligatory according to national/institutional rules of the partner organisation (including, where applicable, authorisation of the mission and/or mission report signed by the travelling person);
- Proof of payment (e.g. extract from a reliable accounting system of the beneficiary, bank statement);
- Accounting records that prove the separate accounting system for the project from the usual activity of the Organisation/Institution.



Part of 40% FLAT

In case the beneficiary selected the **40% flat rate** for the calculation of eligible direct costs other than direct staff costs, external expertise and services costs are included as part of the remaining eligible costs of an operation in the 40% Flat. If the 40% flat rate is used, there will be only 2 cost categories in the project: 1) Staff costs and 2) The remaining eligible costs covering costs for office and administrative expenditure, travel and accommodation, external expertise and services, equipment, infrastructure and works.

Supporting documents for the audit trail:

In case external expertise and service are part of the 40% flat, beneficiaries are not requested to document that expenditure have been incurred and paid. Therefore no documentation on external expertise and service costs needs to be provided to the controller.

The documentation of real costs will be requested for other cost categories used as a basis for the flat rate calculation (Staff costs).

Verifications that the calculation is correct (flat applies on a correct real cost category used as a basis for the calculation) and verification against double-financing are requested (e.g., checking that other cost categories do not include costs covered under the flat option).

5.6.5. Equipment costs

This category includes costs for equipment purchased, rented or leased by the beneficiary other than those covered under office and administrative cost category, which is necessary for the implementation of the project. This includes costs of equipment already in possession by the beneficiary and used to carry out project activities.



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Costs of equipment shall be limited to the following:

- (a) office equipment;
- (b) IT hardware and software;
- (c) furniture and fittings;
- (d) laboratory equipment;
- (e) machines and instruments,
- (f) tools or devices;
- (g) vehicles; and
- (h) other specific equipment needed for the project.

This list is exhaustive. Cost items reported under this cost category cannot be reimbursed under any other cost category.

Costs for the purchase of second-hand equipment may be eligible subject to the following conditions:

- a)** no other assistance has been received for it from the Interreg funds or from other EU funds;
- b)** its price does not exceed the generally accepted price on the market in question; and
- c)** it has the technical characteristics necessary for the operation and complies with applicable norms and standards.

The Programme reimburses costs under this category on a **real cost basis** or **as part of 40% flat rate on direct staff costs**.

REAL COST

In addition to the general eligibility requirements, the following applies:



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- Equipment items can only be funded by the Programme if no other EU funds have contributed towards their financing;
- Equipment must be clearly linked to the project and be essential for its effective implementation (or it is a project output);
- Equipment is eligible if it is foreseen in the Application Form (description is visible in work packages and/or budget). Changes are possible in line with project modification rules;
- The relevant procurement rules must be respected and properly documented;
- Publicity rules must be observed, where applicable (The equipment shall be properly labelled/plaqued complying with the reference to the Programme. In line with national/regional provisions, equipment must be registered in special registers.);
- Costs of equipment which is purchased, rented or leased from another beneficiary are not eligible.

When reporting expenditure on equipment, the following points should be considered:

- If the equipment is used solely for the purpose of the project, will be fully depreciated before the end date of the project and was purchased and paid for within the eligible period, the full purchase cost should be reported;
- If the equipment was purchased before the project was approved, a pro-rata depreciation will be applied. Only the value of the depreciation incurred during the project timeframe is eligible;
- If the equipment is purchased during the project lifetime but the depreciation plan is longer than the project duration, a pro-rata depreciation will be applied. Only the value of the depreciation incurred during the project timeframe is eligible (assuming the equipment is used 100% on the project);
- If non-depreciable equipment (e.g., low-value asset) is purchased, the full purchase cost of the equipment should be reported where the equipment is used 100% on the project;



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- If the equipment is rented or leased, depreciation does not apply, i.e., full cost is reported where the equipment is used 100% on the project;
- If the equipment is purchased by the partner organisation, but is only partially used for the project, only the share related to use for the project may be reported. This share must be calculated according to a justified and equitable method in line with legislation or the partner organisation’s general accounting policy;

Table 10: Equipment options

If the equipment represents <u>a core component of and it is essential for the project output</u> (e.g., the purchase of a laboratory machine for the purpose of research activities in the project, or the purchase of fixed assets necessary for infrastructure), then the full cost of the item as approved by the Programme can be reported (under equipment cost category). EQUIPMENT	Non Depreciable	Depreciable	Purchased before project approval	Rented / leased
Not core component of project output used 100% for the project	Full cost	Pro rata	Pro rata	Full cost



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Not core component of project output partially used for the project	Pro rata	Pro rata	Pro rata	Pro rata
As core component of the project output	Full cost	Full cost	Full remainder	Full cost

- If not stated otherwise by National or internal rules of the beneficiary, the following calculation method has to be applied in case of assets subject to depreciation:

Cost of the item x % of depreciation x timeframe of usage during the project = annual eligible amount.

The % of depreciation is extrapolated from the relevant applicable tables to be applied according to National legislation.

In case the real usage timeframe or the reporting period is not equal to a solar year, but to days or months, the calculation has to be made on a daily/monthly basis:

Annual eligible amount /360 x days of usage = eligible amount

Annual eligible amount/12 x months of usage = eligible amount

⚠ POINT OF ATTENTION

- As soon as the physical implementation of projects involving physical investment starts or purchased equipment is installed, beneficiaries are requested to displaying durable plaques or billboards clearly visible to the public;
- Equipment is eligible if it is not covered by the office and administration costs, for instance the purchase of consumables not falling under office and administrative costs which are necessary



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for the use of laboratory equipment or machines and instruments is eligible and have to reported under this cost category;

- If the equipment is part of an investment (productive investment or an investment in infrastructure) durability has to be ensured;
- The cost of maintenance/repair service contracts related to the equipment has to be allocated and reported under external expertise and services (as other specific services needed for the project);
- On-site verification of equipment is based on risk based methodology applied by controllers; In line with national/regional provisions, equipment must be registered in special registers, if applicable.

Supporting documents for the audit trail:

- Evidence of the selection procedure (if applicable), in line with applicable EU, national or Programme procurement rules, depending on the amount contracted and the type of beneficiary ;Contract or written agreement laying down the supplies to be provided and any services related to installation and/or maintenance of supplies Any changes to the contract must comply with the applicable procurement rules and must be duly documented.
- Invoice (or a supporting document having equivalent probative value to invoices, in case of depreciation) providing all relevant information carried out in line with the contents of the contract, the applicable national accountancy rules and internal accountancy policies of the beneficiary and, where applicable, bearing references to the project and the Programme;
- In case depreciation applies, a calculation scheme of depreciation;
- In case the equipment is charged pro-rata, the method set in place for allocating the share of use in the project;



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- Proof of existence (pictures, delivery note, etc.);
- Proof of payment (e.g. extract from a reliable accounting system of the beneficiary, bank statement);
- Accounting records that prove the separate accounting system for the project from the usual activity of the Organisation/Institution.

Part of 40% FLAT

In case the beneficiary selected the **40% flat rate** for the calculation of eligible direct costs other than direct staff costs, equipment costs are included as part of the remaining eligible costs of an operation in the 40% Flat. If the 40% flat rate is used, there will be only 2 cost categories in the project: 1) Staff costs and 2) The remaining eligible costs covering costs for office and administrative expenditure, travel and accommodation, external expertise and services, equipment, infrastructure and works.

Supporting documents for the audit trail:

In case equipment is part of the 40% flat, beneficiaries are not requested to document that expenditure have been incurred and paid. Therefore no documentation on equipment costs needs to be provided to the controller.

The documentation of real costs will be requested for other cost categories used as a basis for the flat rate calculation (Staff costs).

Verifications that the calculation is correct (flat applies on a correct real cost category used as a basis for the calculation) and verification against double financing are requested (e.g., checking that other cost categories do not include costs covered under the flat option).

5.6.6. Costs for infrastructure and works

Costs for infrastructure and works shall be limited to the following:



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- (a) purchase of land;
- (b) building permits;
- (c) building material;
- (d) labour; and
- (e) specialised interventions (such as soil remediation, mine-clearing).

This list is exhaustive.

Cost items accounted under this cost category cannot be reimbursed under any other cost category.

A work is intended as the outcome of building or civil engineering works taken as a whole, which is sufficient in itself to fulfil an economic or technical function²⁹. Costs for Infrastructure and works may either refer to an object (e.g. a building) that will be set up ex-novo or to the adaptation of an already existing infrastructure.

Costs of feasibility studies, environmental impact assessments, architectural or engineering activities and any other expertise needed for the realisation of the infrastructure, shall be allocated under the cost categories Staff costs or External expertise and services costs (depending whether carried out internally by the beneficiary or with the support of external suppliers).

The Programme reimburses costs under this category on a **real cost basis** or as **part of 40% flat rate on direct staff costs**.

REAL COST

In addition to the general eligibility requirements the following applies:

- Costs for infrastructure and works must be clearly linked to the project and be essential for its effective implementation;

²⁹ Article 2 of Directive 2014/24/EU.



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- Costs for infrastructure and works have to be in line in the approved AF;
- In respect of the purchase of land, this is limited to a maximum of 10% of the total project budget, for derelict sites and for those formerly in industrial use (e.g., brownfields) which comprise buildings, that limit shall be increased to 15 %;
- Full cost for infrastructure and works within the project is eligible insofar as it is fully justified as part of project's activities, i.e. no depreciation is necessary;
- Costs for infrastructure and works outside the Programme area are not eligible;
- In case of infrastructure and works that are part of a larger infrastructural investment funded through other sources, the part realised by the project partner must be clearly and unequivocally identifiable;
- Costs of infrastructure and works are eligible if no other Union or national funds have contributed towards financing of the same expenditure (no double funding is permissible);
- Eligibility of costs for infrastructure and works is subject to the respect of applicable procurement rules (EU, national and Programme procurement rules);
- Depending on the nature of the intervention to be carried out, all compulsory requirements set by EU and national legislation on environmental policies, must be fulfilled;
- Where applicable, works must have been previously authorised by national/regional/local authorities (building permission);
- The land and/or buildings where the works will be carried out must be in the ownership of the beneficiary or the beneficiary must have set in place long-term legally binding arrangements in order to fulfil durability (including maintenance) requirements;
- The purpose and ownership of the infrastructure cannot be changed for at least 5 years after the final payment to the beneficiary;
- Where applicable, infrastructure and works realised by the project must respect the relevant publicity requirements;



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- On-site verification of infrastructure and works is based on risk based methodology applied by controllers. The existence of infrastructure and works realised by the project and their clear identification to the project is verified on-the-spot (if applicable) for each realised item.
- Infrastructure and construction works must be the result of cross-border cooperation activities (such as joint planning, design, decisions, and implementation) specifically directed at improving the development of the Programme area. The cross-border dimension and added value must be substantiated in the application form and are assessed during evaluation process.

⚠ POINT OF ATTENTION

- An operation comprising physical investment (infrastructure) or a productive investment shall pay back the ERDF received proportionate to the period of non-compliance if, within five years of the final payment to the project, it is subject to:
 - a cessation or transfer of a productive activity outside the NUTS level 2 region in which it received support;
 - a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
 - a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.

The Member State may reduce the time limit to 3 years in cases concerning the maintenance of investments or jobs created by SMEs.

- In respect of projects where their total cost exceeds EUR 100.000,00 for any infrastructure and work (as for the case of purchased equipment), projects are required to put up a durable plaque or billboard visible to the public on site. The plaque or billboard should be put up as soon as the physical implementation of the project involving physical investment starts (or the equipment



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is purchased). The plaque or billboard should present the emblem of the Union in accordance with EU technical characteristics.

Supporting documents for the audit trail:

- Legal documents specifying the ownership or long-term arrangement for the land and/or buildings where the works will be carried out;
- Where applicable, necessary permissions for the execution of the works, issued by the national/regional/local relevant authorities;
- Evidence of the appropriate selection procedure, in line with EU, national or Programme procurement rules, depending on the nature of the concerned works, the amount contracted and the type of beneficiary.

Infrastructure and construction works shall be compliant with applicable European, National and internal procurement rules, including e.g. feasibility studies, environmental impact assessments, building permissions, etc. The above-mentioned authorisations have to be possessed at the moment of the application or at least within 1 month of the closure of the Call;

- Contract or written agreement laying down the infrastructure/works and supplies and services connected to execution of works (forming a part of works contract) to be provided with a clear reference to the project and the Programme. For contracts including also a daily/hourly fee, such fee together with the number of days/hours contracted and the total amount of the contract must be provided. Any changes to the contract must comply with the applicable procurement rules and must be documented;
- Invoice or interim payment certificate providing all relevant information in line with the applicable accountancy rules as well as references to the project and the Programme and a detailed description of infrastructure and works carried out in line with the contents of the contract and in line with national legislation related to works/infrastructure;



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- Proof of payment (e.g. extract from a reliable accounting system of the beneficiary, bank statement);
- Accounting records that prove the separate accounting system for the project from the usual activity of the Organisation/Institution;
- Proof of respect of Programme publicity requirements rules and where relevant, EU and national legislation in terms of environmental impact.

Part of 40% FLAT

In case the beneficiary selected the **40% flat rate** for the calculation of eligible direct costs other than direct staff costs, infrastructure and works costs are included as part of the remaining eligible costs of an operation in the 40% Flat. If the 40% flat rate is used, there will be only 2 cost categories in the project: 1) Staff costs and 2) The remaining eligible costs covering costs for office and administrative expenditure, travel and accommodation, external expertise and services, equipment, infrastructure and works.

Supporting documents for the audit trail:

In case infrastructure and works costs are part of the 40% flat, beneficiaries are not requested to document that expenditure have been incurred and paid. Therefore no documentation on infrastructure and works needs to be provided to the controller.

The documentation of real costs will be requested for other cost categories used as a basis for the flat rate calculation (Staff costs).

Verifications that the calculation is correct (flat applies on a correct real cost category used as a basis for the calculation) and verification against double-financing are requested (e.g., checking that other cost categories do not include costs covered under the flat option).



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5.7. Reimbursement of funds

The Programme applies the reimbursement principle, according to which each beneficiary must fully pre-finance its project expenditure.

Model and timeframe for the reimbursement of funds

The disbursement of funds by the MA is subject to availability of funding (the EC makes necessary funds available), it takes place as soon as possible and within 80 days from the submission of the project report and the related payment request/application. Please be aware, that any clarification round respectively request for further information or documentation by JS/MA will interrupt this deadline and will result in later ERDF reimbursement to projects.

Should no funds be available, the LP will be duly notified and – if possible - a provisional date for the expected payment announced.

In case of **Croatian LP**, the MA will transfer:

- the total share of ERDF due to Croatian partners to the Croatian LP;
- the total share of ERDF due to Italian partners AND the total share of National co-financing (Fondo di Rotazione) of the Italian PPs to the Italian PP with the highest budget among the Italian PPs within the project.

In case of **Italian LP**, the MA will transfer:

- the ERDF amount and the amount of the due Italian National co-financing (Fondo di Rotazione) contributions to the LP.

After receipt of funds from the MA, the LP and the Italian PP with the highest budget are obliged to transfer in time and in full the share of ERDF which corresponds to each PP, including the national co-financing (Fondo di Rotazione) for the Italian PPs entitled to it. No amount shall be deducted or withheld and no specific charge or other charge with equivalent effect shall be levied, which would reduce that amount for the PPs.



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5.8. Conversion into Euro

Financial reporting of a project shall take place in Euro and the Programme will reimburse ERDF contributions in Euro.

All expenditures incurred and paid in a currency other than Euro, shall be converted by the beneficiary using the monthly accounting exchange rate of the European Commission in the month during which that expenditure was submitted for verification by the concerned beneficiary to its national controller.

The date of submission refers to the day in which the beneficiary submits for the first time to its controller the partner report concerning a certain expenditure. Further submissions of missing documents, clarifications etc. on that expenditure shall not be considered. The date of submission is documented in Jems and the conversion into Euro is automatically carried out by the monitoring system.

5.9. Recovery of funds

The MA shall ensure that any amount paid as a result of an irregularity is recovered from the LP and PPs shall repay to the lead partner any amounts unduly paid.

Therefore, the LP shall ensure that the concerned PP repays the LP any amounts unduly paid, as specified in the partnership agreement. The amount to be repaid can be withdrawn from the next payment to the LP or the remaining payments. In case of closed projects, the LP is obliged to repay the unduly paid out funds to the MA.

Unduly paid out funds can be discovered by various entities, mainly the Programme bodies, the European Commission (EC), the European Anti-Fraud Office (OLAF), the European Court of Auditors (ECA) or other national public auditing bodies and this process implies the repayment of the subsidy in whole or in part from the LP.

In case the LP does not succeed in securing repayment from the concerned PP, or if the MA does not succeed in securing repayment from the LP, the concerned Member State on whose territory the concerned partner is located shall reimburse the MA the amount that was unduly paid to that partner. In



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turn, the concerned Member State shall be entitled to claim the unduly paid funds from that partner. The recovery of funds follows the path below:

Image 8: Reimbursement flow



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6. MONITORING AND REPORTING - *Coming soon*

- 6.1. General overview of monitoring
- 6.2. General overview of reporting
- 6.3. Monitoring and reporting at Partner level
- 6.4. Monitoring and reporting at Project level
- 6.5. Reporting periods
- 6.6. Assessment of the reports by JS
- 6.7. Project mid-term review
- 6.8. Performance framework and de-commitment
- 6.9. Durability and ownership of outputs and equipment

7. PROJECT MODIFICATIONS AND FLEXIBILITY RULES - *Coming soon*

- 7.1. General principles (types of project modifications)
- 7.2. Minor modifications
- 7.3. Major modifications

8. PROJECT CLOSURE- *Coming soon*

- 8.1. Final progress report
- 8.2. Final quality assessment
- 8.3. Last application for reimbursement
- 8.4. Formal closure process
- 8.5. Retention and availability of project related documents

9. CONTROLS AND AUDITS- *Coming soon*

- 9.1. National control systems





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- 9.2. Controls performed by the MA/JS
- 9.3. Audits by the Audit Authority (AA) and Group of Auditors (GoA)
- 9.4. Audit trail
- 9.5. Avoidance of double funding



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10. WHERE TO FIND ASSISTANCE

The Programme Implementation Manual is complemented with several practical guidance documents. A reference to them is made in the PIM, where relevant. These documents give you detailed and technical information and should be read together with the PIM. In addition, frequently asked questions or videos further explaining the Programme’s rules and practices, on our website or during Programme events.

The Interreg VI A Italy – Croatia Joint Secretariat (JS) provides assistance and support to all applicants and projects at all stages of the project lifecycle. Any communication between the JS and beneficiaries shall take place only between the Lead Applicant or Lead Partner and the JS staff via e-mail, telephone and face to face (or online or hybrid) meetings using the following contacts details:

INTERREG VI-A Italy–Croatia 2021-2027 Programme Joint Secretariat	
<p>JS Headquarters: c/o Veneto Region, Italy – Croatia Managing Authority Dorsoduro 3494/a – 30123 Venice, Italy, e-mail: JS.ItalyCroatia@regione.veneto.it</p>	<p>JS Antenna in Zadar c/o Ministry of Regional Development and EU Funds Franka Lisice 77, 23000 Zadar - Croatia e-mail: js.it-hr.antenna@mrrfeu.hr</p>

The Programme language is English: all official communications are conducted in English and all Programme documents are produced in English only. The project application and reporting is also done in English.

An Electronic data exchange systems, Jems, is used for all steps of the projects application and implementation. All projects and Programme bodies use the system.



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If a new version of the PIM is published on the Programme website, it becomes valid from that point onward. The latest version of the PIM should always be used.

According to the Lead Partner principle, each project partnership shall appoint one organization acting as the L P who shall take full financial and legal responsibility for the implementation of the entire project towards the Programme bodies.

All relevant documentation and information for beneficiaries will be available on the Interreg VI A Italy – Croatia Programme web site (<https://www.italy-croatia.eu/web/it-hr-interreg-2021-2027>). The website is the one-stop-shop for finding Programme-related information: call for proposals' documents and tools, timeline of calls, news and information on events, conditions for the submission of project proposals, assessment of proposals, changes of relevant documentation, JS staff answers to frequently asked questions, as well as other relevant information.

10.1. Programme Events

Different types of events are organised by the Programme for each call for proposals in order to inform and support potential applicants. The content and timing of the events may vary according to each call for proposals.

10.2. Information days

Information days are also organised by the Programme on the occasion of each call opening to inform potential applicants about the Programme, the content of the Call for Proposals (topics addressed, objectives and specific expectations of the Programme towards the call). Depending on needs, this informative session can be attended onsite or online.

During these infodays, participants receive information on the key steps and tools of the call, and the elements relating to the application and assessment phases.



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The participation to this sessions is strongly recommended for any applicant potentially interested in the Call, in order to limit as much as possible the submission of proposals that would not be adapted to the Programme's expectations.

10.3. Meetings

Meeting with Applicants/Beneficiaries (application phase)

Within the limit established by the Programme at the time of the publication of the call, a single, non-compulsory, individual meeting per project idea is organized by the JS **during the application phase** of a call and aim to support applicants in the construction of their proposal. These meetings are generally organized online and consist of a one hour session focusing on the key points in the preparation of a proposal (partnership, work plan, eligibility of expenditure, etc.).

ATTENTION!

Consultations are no pre-assessments and will not be based on the Application Form or parts of it. The JS will clarify general principles but not advise on concrete outputs, activities or deliverables nor e.g. the admissibility or the eligibility of the project proposal.

Meetings with Beneficiaries (in implementation phase)

Individual meetings may be provided by the JS when requested by the Lead Partners. These meetings aim at providing technical advice focusing on the project implementation (work plan, financial issues and similar). The assigned JS Project Manager will provide individual meetings to the Lead Partner when needed and justified. The Lead Partner will be provided with special guidance regarding amendment of Subsidy contract, project changes, reporting and various important administrative issues. The Lead Partner has to provide all the information requested by the provisions of the Subsidy contract to the assigned PM at the JS in time before the meeting. The Lead Partner is responsible to inform the JS without delay on any serious problems encountered during the project implementation.



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10.4. Other events

Thematic seminars

Thematic seminars may be organised to facilitate the understanding of the Programme's architecture, to encourage the sharing of experience and the transfer of results. Speakers from outside the MA/ JS may also contribute to this type of seminars.

Depending on the needs, the thematic seminars may be accessible online or onsite.

Training activities for beneficiaries

The MA/ JS are committed to organise and implement training activities (e.g. workshops, trainings, seminars, etc.) on specific implementation topics such as project management, reporting requirements, communication, capitalisation and networking to strengthen the capacity of beneficiaries to successfully implement the projects.

Events organized by beneficiaries

Furthermore, the JS may visit selected events of the projects (e.g. kick-off, media trip, mid-term, final conference and similar) or project meetings depending on the resources available within the Programme both in terms of funds (TA) and personnel.

